Professional Solutions INSURANCE COMPANY

A member of NCMIC Group, Inc.
NCMIC Insurance Company
NCMIC Finance Corporation
Professional Solutions Insurance Company
NCMIC Insurance Services

14001 University Avenue, Clive, Iowa 50325-8258
Local 515-313-4500 FAX 515-313-4476

March 23, 2007

Illinois DFPR – Insurance Division
Attn: Property and Casualty Compliance Unit
320 West Washington Street
Springfield, IL 62767

RE: Professional Solutions Insurance Company
NAIC #: 11127 FEIN #: 42-1520773
Dental Professional Liability - Rate filing
Filing #: DDS Rate 2007
Effective Date: 05/01/2007

Dear Property and Casualty Compliance Unit:

Professional Solutions Insurance Company (PSIC) currently has on file with the Illinois DFPR – Insurance Division a claims made and occurrence dental professional liability rating manual. Upon review of this program, PSIC revises the following sections of the rating manual:

1. Section VII. Premium Payment Options (pg. 4)
   Pursuant to 215 ILCS 5/155.18, we have revised this section in order to remain compliant in the State of Illinois.

2. Section X. Classification Plan (pg. 6)
   Specialties from Class D-2 and D-3 are being combined into Class D-1. Classes D-4 and D-5 remain unchanged. Our intent behind the combining of Classes D-2 and D-3 into Class D-1 is to become more inline with our competitors. We have found that many competitors have structured their product this way and in order for us to remain competitive, we feel it is necessary to do likewise.

3. Section XI. Scheduled Rating Plan (pg. 7)
   We are removing item 3., Association or Group Affiliation credit and instead adding a credit for Dental Specialty Board Certification. Any dentist in good standing that holds a current specialty certification by the licensing board will receive this credit. Documentation of the specialty certification must be submitted every three years.

   Additionally, we are replacing the current 10% credit with a range of 0-10%. The proposed range will give us flexibility if there is some situation with the insured

and the Illinois Board of Dentistry where the insured's certification is under review and may be revoked or sanctioned for disciplinary reasons.

We are also decreasing the minimum amount within the range of credits for items 1. and 2., thereby allowing us the freedom to remove or reduce the credits if we deem it necessary. Removing our current 5% minimum credit and replacing it with 0% will allow us the flexibility to offer a zero credit if a credit is truly not earned by an insured.

4. Section XIV. Rates (pg. 10)
   We are decreasing our base rates for both claims made and occurrence policies in all Illinois territories by 10.2%. Please see the enclosed Milliman actuarial analysis.

At this time, we would like to submit for your review a revised rating manual that includes these changes. If you have any questions regarding this filing, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

Nathan Henn, CPCU
Lead Compliance Analyst
Professional Solutions Insurance Co.
PH: 800-321-7015 Ext. 4525
FX: 515-313-4476
Email: nhenn@ncmic.com

Enclosures

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Roger L. Schlueter, a duly authorized officer of Professional Solutions Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Chad C. Karls, a duly authorized actuary of Milliman am authorized to certify on behalf of Professional Solutions Insurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Chief Financial Officer — 3/22/07
Signature and Title of Authorized Insurance Company Officer — Date

Chad Karls, FCAS, MAAA, Consulting Actuary — 3/20/07
Signature, Title and Designation of Authorized Actuary — Date

Insurance Company FEIN 42-1520773 Filing Number DDS Rate 2007

Insurer's Address 14001 University Avenue

City Clive State Iowa Zip Code 50325-8258

Contact Person's:
-Name and E-mail Nathan Henn, Lead Compliance Analyst nhenn@ncmic.com

-Direct Telephone and Fax Number 800-321-7015 ext. 4525 Fax: 515-313-4476

Form (RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 05/01/2007

	(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1.	Automobile Liability		
	Private Passenger		
	Commercial		
2.	Automobile Physical Damage		
	Private Passenger		
	Commercial		
3.	Liability Other Than Auto		
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other Medical Malpractice (Line of Insurance)	$1,711	-30.2%

Does filing only apply to certain territory (territories) or certain classes? If so, specify:

This filing applies to all territories and all classes.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization):

This is a statewide base rate decrease coupled with a revision to the classification plan. dental

* **Adjusted to reflect all prior rate changes.**

** **Change in Company's premium level which will result from application of new rates.**

Professional Solutions Insurance Company
Name of Company

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
RECEIVED
MAY 03 2007
SPRINGFIELD, ILLINOIS

Roger Schlueter - Corporate Secretary
Official - Title

H29219D

filing# DDS Rate 2007

REPLACES RF-3 RECEIVED MARCH 27, 2007

Neuman, Gayle

From: Nathan Henn [NHenn@ncmic.com]
Sent: Monday, May 21, 2007 8:03 AM
To: Neuman, Gayle
Subject: RE: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Ms. Neuman,

We do gather statistics for our dental program and they are reported to the statistical agent NISS - National Independent Statistical Service.

Thanks,
Nathan Henn, CPCU
Lead Compliance Analyst
NCMIC Group, Inc.
14001 University Avenue
Clive, IA 50325-8258
800-321-7015 ext. 4525
mailto:nhenn@ncmic.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Monday, May 14, 2007 1:17 PM
To: Nathan Henn
Subject: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Mr. Henn,

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt attention is appreciated.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (http://www.idfpr.com/) by clicking on: Insurance; Industry; Regulatory; IS3
Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

Form (RF-3)

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1.	Automobile Liability		
	Private Passenger		
	Commercial		
2.	Automobile Physical Damage		
	Private Passenger		
	Commercial		
3.	Liability Other Than Auto		
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other Medical Malpractice Line of Insurance	$1,711	-10.2%

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This is a statewide base rate decrease coupled with a revision to the classification plan.

* **Adjusted to reflect all prior rate changes.**

** **Change in Company's premium level which will result from application of new rates.**

Professional Solutions Insurance Company
Name of Company

Roger Schlueter - Corporate Secretary
Official - Title

H29219D

Neuman, Gayle

From: Nathan Henn [NHenn@ncmic.com]
Sent: Friday, May 11, 2007 2:07 PM
To: Neuman, Gayle
Cc: Jacquie Anderson; Juli Frank
Subject: RE: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Ms. Neuman,

Thank you for your email. Though these statements may suggest that the Extended Reporting Endorsement may be issued prior to full payment, that is not the case. The entire premium must be paid in full up front before we will issue the endorsement.

As I will be out of the office all next week (returning on Monday, May 21st), any additional questions or comments may be directed to Juli Frank (800-321-7015 ext. 4557 or jfrank@ncmic.com) or Jacquie Anderson (800-321-7015 ext. 4615 or janderson@ncmic.com).

Thank you for your continued review of our filing.

Nathan Henn, CPCU
Lead Compliance Analyst
NCMIC Group, Inc.
14001 University Avenue
Clive, IA 50325-8258
800-321-7015 ext. 4525
mailto:nhenn@ncmic.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, May 10, 2007 1:18 PM
To: Nathan Henn
Subject: RE: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Mr. Henn,

In regard to #2 listed below, the manual indicates "if the insured fails to pay the Extended Reporting Endorsement premium when due, the Insured will be liable to the Company for any losses and loss expenses incurred" and "Professional Solutions Insurance Company cannot cancel the extended reporting endorsement except for non-payment of the additional premium". Both of these statements suggest the extended reporting endorsement can be issued prior to full payment. Please clarify.

Your prompt attention is appreciated.

Gayle Neuman
217-524-6497

From: Nathan Henn [mailto:NHenn@ncmic.com]
Sent: Thursday, May 10, 2007 8:57 AM
To: Neuman, Gayle
Subject: RE: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Ms. Neuman,

Please see our responses to your comments below.

1. Please find attached a revised IL Rating Manual (edition 05/2007) where we have added the provisions you requested to Section VII. Premium Payment Options.

2. There are no payment plans offered for the extended reporting premium. The entire premium for the extended reporting endorsement must be paid in full up front. If the premium is not paid in full up front, the endorsement will not be issued. If the endorsement has not been issued, it therefore cannot be canceled and that means there is no unearned premium to return.

3. Yes, we are saying that the insured cannot have any other discounts during the first three years when they are receiving the new dentist discount.

4. Please see the attached manual where we have revised the language of the Claims Free Credits to be as follows: "The following claims free credit schedule will apply if an insured has $10,000 **or less** of incurred indemnity:".

I will overnight to you a revised IL Rating Manual and a duplicate copy. Please let me know if you have any additional questions or comments. Thank you for your continued review of our filing.

Nathan Henn, CPCU
Lead Compliance Analyst
NCMIC Group, Inc.
14001 University Avenue
Clive, IA 50325-8258
800-321-7015 ext. 4525
mailto:nhenn@ncmic.com

PSIC
Professional Solutions INSURANCE COMPANY

A member of NCMIC Group, Inc.
NCMIC Insurance Company
NCMIC Finance Corporation
Professional Solutions Insurance Company
NCMIC Insurance Services

14001 University Avenue, Clive, Iowa 50325-8258
Local 515-313-4500 FAX 515-313-4476

May 10, 2007

Illinois DFPR – Insurance Division
Property and Casualty Compliance Unit
Attn: Gayle Neuman
320 West Washington Street
Springfield, IL 62767

RE: Professional Solutions Insurance Company
NAIC #: 11127 FEIN #: 42-1520773
Dental Professional Liability - Rate filing
Filing #: DDS Rate 2007

Ms. Neuman:

Thank you for your email dated 05/03/2007. Please see our responses to your comments below.

1. Please find attached a revised IL Rating Manual (edition 05/2007) where we have added the provisions you requested to Section VII. Premium Payment Options.

2. There are no payment plans offered for the extended reporting premium. The entire premium for the extended reporting endorsement must be paid in full up front. If the premium is not paid in full up front, the endorsement will not be issued. If the endorsement has not been issued, it therefore cannot be canceled and that means there is no unearned premium to return.

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4. Please see the attached manual where we have revised the language of the Claims Free Credits to be as follows: "The following claims free credit schedule will apply if an insured has $10,000 or less of incurred indemnity:".

Please let me know if you have any additional questions or comments. Thank you for your continued review of our filing.

Sincerely,

Nathan Henn, CPCU
Lead Compliance Analyst
Professional Solutions Insurance Co.
PH: 800-321-7015 Ext. 4525
FX: 515-313-4476
Email: nhenn@ncmic.com

Neuman, Gayle

From: Nathan Henn [NHenn@ncmic.com]
Sent: Thursday, May 10, 2007 8:57 AM
To: Neuman, Gayle
Subject: RE: Professional Solutions - Rate/Rule Filing #DDS Rate 2007
Attachments: Illinois 2007 DDS Rate-Rule manual - CM and OCC.pdf

Ms. Neuman,

Please see our responses to your comments below.

1. Please find attached a revised IL Rating Manual (edition 05/2007) where we have added the provisions you requested to Section VII. Premium Payment Options.

2. There are no payment plans offered for the extended reporting premium. The entire premium for the extended reporting endorsement must be paid in full up front. If the premium is not paid in full up front, the endorsement will not be issued. If the endorsement has not been issued, it therefore cannot be canceled and that means there is no unearned premium to return.

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I will overnight to you a revised IL Rating Manual and a duplicate copy. Please let me know if you have any additional questions or comments. Thank you for your continued review of our filing.

Nathan Henn, CPCU
Lead Compliance Analyst
NCMIC Group, Inc.
14001 University Avenue
Clive, IA 50325-8258
800-321-7015 ext. 4525
mailto:nhenn@ncmic.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, May 03, 2007 3:30 PM
To: Nathan Henn
Subject: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Mr. Henn,

The Department is in receipt of the above referenced filing number submitted by letter dated March 23, 2007. The submission is not acceptable for filing in Illinois due to the following reason(s):

1. Please add a provision under VII. Premium Payment Options stating (1) that the installment payment options will be offered in the initial offer of the policy or in the first policy renewal occurring after January 1, 2006, and make it available upon request thereafter, and (2) that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any.

2. In regard to the Extended Reporting Endorsement (Tail Coverage), if the company cancels for non-payment of

premium, how will they determine the unearned premium on an unlimited endorsement? Are there payment plans offered for the extended reporting endorsement premium?

3. Under G. New Dentist Discounts, the manual indicates those who receive a new dentist discount will not be eligible to receive any further credits. Are you trying to say the insured cannot have any other discounts during the first three years when they are receiving the new dentist discount? Please clarify.

4. Under Claim Free Credits, there is a credit if an insured has $10,000 of incurred indemnity. Is that the limit? Should the wording indicate "a maximum of $10,000"? Please clarify.

We request receipt of your response by May 14, 2007.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

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Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

Neuman, Gayle

From: Neuman, Gayle
Sent: Monday, May 14, 2007 1:17 PM
To: 'Nathan Henn'
Subject: Professional Solutions - Rate/Rule Filing #DDS Rate 2007

Mr. Henn,

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt attention is appreciated.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (http://www.idfpr.com/) by clicking on: Insurance; Industry; Regulatory; IS3
Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

Nathan Henn is out 5/14 - 5/21.
I took information from file noted on review form.

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

STATE OF ILLINOIS

DENTAL PROFESSIONAL LIABILITY MANUAL

(Claims Made and Occurrence)

III. POLICY PERIOD

The policy period shall be for a one-year term, unless it is part of a group policy and the insured joins the group in the middle of the term. In this instance, a short-term policy will be issued and will expire on the group policy's expiration date.

IV. WHOLE DOLLAR PREMIUM RULE

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. If the premium is .50 or greater, round to next higher whole dollar. If premium is .49 or less, round down. In the event of cancellation, the return premium shall be rounded to the nearest whole dollar. Rounding is the last step of the premium calculation.

Example: $1234.30 is rounded to $1234.
$1234.60 is rounded to $1235.

V. PRACTICE LOCATION

Dentists who conduct a percentage of their practice located in another state or territory will be assessed additional premium, based upon the percentage of time spent in the other state or territory.

A. For insureds who practice in multiple states, the location of their primary practice will determine the base rate, with a premium debit of 25%, to be applied, based on their practice in the secondary state. The 25% debit will not be applied if the primary state's base rate is higher.

B. If more than one location of practice exists within the same state, the rate from the highest territory will be applied.

C. The insured must be licensed in all states where practicing.

VI. POLICY CANCELLATION

A. Cancellation By the Insured

The insured may cancel the policy by mailing or delivering notice to the Company stating when such cancellation shall be effective.

This policy will remain in full force and effect until its regular anniversary date unless the policy is cancelled sooner by the Company in accordance with the laws of the State of Illinois.

If the insured cancels the policy, earned premium shall be computed in accordance with the standard short rate tables and procedure. If the Company cancels the policy, earned premium shall be computed pro rata.

B. Cancellation/Non-Renewal By the Company

The Company may cancel or non-renew the policy in accordance with the insurance laws of the State of Illinois. Standard notice will be sent sixty (60) days prior to the cancellation or non-renewal date, except that in the event of non-payment of premium, then not less than ten (10) days prior notice of cancellation will be given or in the event of a short-term policy issued for a period of less than six months, we may not non-renew.

VII. PREMIUM PAYMENT OPTIONS

1. Annual
2. Semi-Annual 50% prepayment required
3. Quarterly 25% prepayment required as the initial down payment with remaining payments of 25% each due at 3, 6 & 9 months after policy inception
4. Other payment options available upon request for large group accounts.

There is no installment fee charge or interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction. If the policy is issued with a final fully discounted premium less than $500, the policy must be billed on an annual basis.

VIII. RENEWALS

The policy will be renewed upon receipt of the required premium on or before the date of each successive policy period. The renewal premium shall be based on rates in effect on the renewal or anniversary date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium.

IX. SPECIAL PROVISIONS

A. Retroactive Coverage – Claims Made Only

This extension covers incidents which occurred subsequent to the prior carrier's retroactive date, but which are neither known nor reported as of the inception date of the replacement coverage written by Professional Solutions Insurance Company. The insured may purchase this equivalent of Extended Reporting Period Coverage from the Company. The insured may select the Retroactive Date (shown on the Coverage Summary) from a date that is equal to the retroactive date shown on the previous policy.

Premium for this extension is derived by rating the policy based upon the claims-made step factor determined by using the previous carrier's retroactive date.

No permission shall be granted for advancing the Retroactive Date after the policy has taken effect.

B. Basic Reporting Extension – Claims Made Only

This option applies when coverage under the policy ends, either by action of the insured or the Company through cancellation, termination or non-renewal.

Under the circumstances stated above, the Company will provide a thirty (30) day Basic Reporting Extension which allows claims to be reported during this time, which result from incidents that happened during the time the coverage was in force.

Within thirty (30) days of when the policy coverage terminates, the Company must advise the insured of the availability of an extended reporting endorsement, the premium cost, and the importance of buying this additional coverage extension, commonly called "Tail Coverage".

The insured will have the greater of sixty (60) days from the date the coverage is terminated, or thirty (30) days from the date of notice, to accept the Extended Reporting Endorsement in writing.

C. Extended Reporting I)rsement, also called Tail Coverage – Clai lade Only

This endorsement will provide coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims which arose from incidents, which occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to individual or entity policies.

The following factors will be applied to the undiscounted mature claims made premium in effect at the time the policy is terminated to calculate the extended reporting endorsement premium:

# of Years Completed in Claims Made Program	Tail Factor
1	0.654
2	0.975
3	1.062
4+	1.082

If the Insured fails to pay the Extended Reporting Endorsement premium when due, the Insured will be liable to the Company for any losses and loss expenses incurred.

Professional Solutions Insurance Company cannot cancel the extended reporting endorsement except for non-payment of the additional premium.

D. Prior Acts – Occurrence Only

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	0.628
2	0.936
3	1.020
4+	1.039

E. Locum Tenens

Locum Tenens substituting and serving in the place of the insured shall be provided coverage at no additional premium, for a period not to exceed forty-five (45) days per policy term. A completed application must be submitted to the company for prior underwriting approval.

F. Part-Time Discount

An insured must practice less than 20 hours per week to become eligible for this credit. The insured must complete an application for part time credit. If the application is approved, the credit applied is 50% of the approved base premium.

G. New Dentist Discount

A new dentist is defined as a student who has completed his/her training within the previous six months and whose only contact with patients has been in the course of his/her training. The following credits will apply:

50% for the first year i ıctice
30% for the second year ın practice
10% for the third year in practice

Those who receive a new dentist discount will not be eligible to receive any further credits.

X. CLASSIFICATION PLAN

Class D-1

Relativity 1.00

This class includes general dentists or specialists in endodontics, forensic dentistry, oral & maxillofacial radiology, oral pathology, orthodontics, pediatric dentistry, periodontics, prosthodontics, public health dentistry, or sports dentistry.

Coverage under this classification would not apply to the general practitioner or specialist who is engaged in dentistry on patients rendered unconscious through the administration of general anesthesia unless the general anesthesia is administered in a duly licensed hospital, outpatient surgical center or the insured's office by an anesthesiologist, or certified registered nurse anesthetist supervised by such anesthesiologists, other than an insured dentist, his or her employees, or any other person or organization for whose acts or omissions the insured dentist is legally responsible.

Dental Candidates are included in Class D-1.

Class D-4

Relativity 4.50

Members of this class are specialists in oral and maxillofacial surgery who administer, personally or by an employed/contracted anesthesiologist, any general anesthetic intended to cause unconsciousness if administered in a dental office.

Members of this class may perform TMJ-Phase II procedures. Members of this class may also use lasers in their practice.

Class D-5

Relativity 6.00

Members of this class are specialists in dental anesthesiology whose practice includes deep sedation and/or general anesthesia.

XI. SCHEDULED RATING PLAN

Professional Solutions Insurance Company will use the following schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of Professional Solutions Insurance Company uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the company.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of a 50% credit to a 50% debit to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this scheduled rating plan are subject to periodic review. The actual determination of the appropriate credit or debit will be determined through the underwriting review of the applicant's application.

Scheduled Rating Credits: The following circumstances will be considered for application of a scheduled rating credit:

1. **Cumulative Year: Patient Experience** **0-15% C t**

   Insureds who have demonstrated a stable, longstanding practice and/or significant degree of experience in their area of medicine.

2. **Risk Management Practices and Procedure** **0-20% Credit**

   In order to qualify for this credit, the insured must demonstrate that risk management procedures and activities have been properly implemented, and that these procedures will reduce the frequency and severity of claims.

3. **Dental Specialty Board Certification** **0-10% Credit**

   Any dentist in good standing that holds a current specialty certification by the licensing board. Documentation of specialty certification must be submitted every three years.

Scheduled Rating Debits: The following circumstances, based on underwriting review of risk, will be considered for a scheduled rating debit application:

1.	High Risk Practice	0-50% Debit
2.	Adverse or unusual vicarious liability exposure	0-50% Debit
3.	Prior history of revocation or suspension of license	0-50% Debit
4.	Prior history of disciplinary action against licensure	0-50% Debit
5.	Prior or current membership in association revoked or refused	0-50% Debit
6.	Prior history of alcoholism, narcotic addiction or mental illness	0-50% Debit
7.	Conviction of crime	0-50% Debit

XII. EXPERIENCE RATING

Claims free credits

The following claims free credit schedule will apply if an insured has $10,000 of incurred indemnity:

# OF YEARS CLAIMS FREE	CREDIT
3 but less than 5	5%
5 but less than 8	10%
8 or more	15%

Claims debits

Claim debit factors – individual policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1	1.000
2	1.500
3	2.500

Claim debit factors – nership/corporate policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1-2	1.000
3-4	1.500

The debit will not be based on an action that was filed or settled more than five (5) years immediately preceding the issuance or renewal of the policy.

Documentation, including copies of judgments, awards or stipulations of settlement will be requested and reviewed where available.

To obtain and verify experience applicable to each prospective insured, the Company will seek claim information from:

a. The applicant
b. The agent or broker
c. All previous insurers with respect to the experience period in question.

XIII. ENDORSED COVERAGES

Partnership, Corporation or Professional Association With Separate Limits of Liability Endorsement-Form PSIC-DDS-02

This endorsement provides a separate limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Partnership, Corporation or Professional Association With Shared Limits of Liability Endorsement-Form PSIC-DDS-03

This endorsement provides a shared limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Additional Insured Endorsement-Form PSIC-DDS-04

This endorsement provides coverage for an additional insured. This is an optional endorsement. The charge for this endorsement will be 15% of the base corporation/partnership premium or the individual premium if there is no corporation/ partnership coverage.

Temporary Leave of Absence Endorsement-PSIC-DDS-05 and PSIC-DDS-20

This endorsement may be utilized if an insured must take a leave of absence from their practice. Insureds who become disabled or take a leave of absence shall become eligible for suspension of coverage at a rate reduction of 90% of the otherwise applicable rate for the period of disability or leave of absence. The period must extend for a minimum length of sixty (60) days or more up to a maximum of one hundred eighty (180) days or until renewal. The lower premium will apply retroactively to the first day of the disability or leave.

This option provides continued protection to the provider who experiences a temporary interruption in his or her practice (subject to the stated eligibility requirements), for claims arising from acts, errors or omissions which occurred prior to the inception of the disability or leave. There is no coverage for acts, errors or

omissions during the le or disability period. Form claims made polic because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

If disabled, proof of disability must be submitted to the Company for approval, and the calculation of the credit will be on a pro rata basis for the period of the qualifying disability.

For claims made policies, while on disability or leave, credit toward extended reporting vesting will continue to accrue, and the insured must continue to pay premiums when due.

Eligible Situations For Temporary Leave of Absence: Short-Term Disability, Maternity Leave or any other reason pre-approved by Professional Solutions Insurance Company – Does not apply to vacations

Extended Reporting Endorsement-Form PSIC-DDS-06 – Claims Made Only

This endorsement provides coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims, which arose from incidents that occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to group or entity policies.

Multiple Partnership, Corporation or Professional Association Endorsement-Form PSIC-DDS-14

This endorsement is used when an insured has multiple partnerships, corporations, or professional associations and wishes to have a separate limit of liability to cover these entities. This endorsement will provide one separate limit of liability that will be shared between the entities.

Product Liability Endorsement-Form PSIC-DDS-15 and PSIC-DDS-21

This endorsement provides coverage for legal defense expenses incurred if the insured is made a party to a product liability action due to a known or suspected defect, deficiency, inadequacy or dangerous condition of a product or products of another manufacturer which you sold, handled, distributed or disposed of. The limit of liability for all defense expenses under this endorsement is $50,000 per incident and $100,000 aggregate limit of liability. The premium charge for this coverage will be 10% of the base premium for the insured's professional liability coverage.

Dental Candidate Endorsement-Form PSIC-DDS-16 and PSIC-DDS-22

This endorsement provides coverage for any claim for injury arising out of a dental candidate's acts, errors, or omissions in the rendering of or failure to render professional services, while completing State or Regional Board Examinations for a license to practice dentistry. The limits of liability for this endorsement will be $100,000 per claim and $300,000 aggregate. The charge for this endorsement is $15.00.

Active Military Duty Endorsement-Form PSIC-DDS-17 and PSIC-DDS-23

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military duty. For claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

Limited Permit / Temporary Training Endorsement-PSIC-DDS-18 and PSIC-DDS-24

This endorsement provides coverage to a dental school graduate practicing dentistry under a limited permit, a temporary license, or an extended temporary license issued by a state licensing board for any claim for injury arising out of the insured graduate dentist's acts, errors or omissions in the rendering or failure to render professional services in a specialty, residency, intern or graduate program and only while under the supervision of a state licensed dentist and according that state's limitations. The limits of liability for this endorsement will be $1,100,000 per claim and $3,000,000 aggregate. The charge for this endorsement is $218.00.

Prior Acts Endorsement-PSIC-DDS-25

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered.

XIV. RATES

Claims Made Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,529.00
Illinois Territory 02 - (Remainder of State)	$838.00

Occurrence Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,662.00
Illinois Territory 02 - (Remainder of State)	$911.00

Dental Increase limit factors: The applicable limit factor is determined by the chosen limit option on the application.

Limits of Liability	Increase Limit Factors
$100,000/$300,000	**1.00**
$200,000/$600,000	**1.14**
$250,000/$750,000	**1.31**
$500,000/$1,000,000	**1.33**
$1,100,000/$3,000,000	**1.56**
$2,000,000/$4,000,000	**1.72**

Claims-Made Step Factors:

Year	Claims-Made Step Factor
1	**0.32**
2	**0.60**
3	**0.81**
4	**0.90**
Mature	**1.00**

6th Month Rule: If the period between the retroactive date and the policy effective date is less than 6 months, rate at year 1. If the period is more than 6 months, rate at year 2, with each of the next consecutive claims made step increases applied at each renewal.

Side-by-Side Rating Manual Comparison

Attached please find a comparison of Professional Solutions Insurance Company's currently approved rating manual and Professional Solutions Insurance Company's revised rating manual. All information that has been deleted from the currently approved manual is in [brackets] and all new information that has been added to the new proposed manual is underlined.

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

STATE OF ILLINOIS

DENTAL PROFESSIONAL LIABILITY MANUAL

(Claims Made and Occurrence)

I. AF ICATION OF THIS MANUAL-ELI ILITY

This program covers Dentists engaged in general dentistry, dental anesthesia and oral surgery or operative dentistry on patients rendered unconscious through the administering of an anesthesia or analgesia. Refer to the classification plan for a description of each risk/rating category.

A. Dental Service Providers

Licensed dentists who must meet the current underwriting standards of Professional Solutions Insurance Company for their particular dental practice.

B. Ancillary Dental Personnel

Ancillary dental employees are included as insureds for their acts while performing duties within the scope of their employment while under the supervision of the insured dentist named in the Coverage Summary. Ancillary dental employees are not separately rated and do not include licensed health care providers, except for dental hygienists.

C. Corporation Coverage

Separate Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for separate limits of liability. The premium for separate limits will be 10% of the total undiscounted base premium for all dentists.

Shared Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for shared limits of liability. The premium charge for shared limits will be 5% of the total undiscounted base premium for all dentists.

Sole Practitioner: This program also provides coverage for shared limits of liability at no additional charge to a dentist's professional entity, as long as the entity does not employ any other licensed health care providers.

Multiple Corporations: If a dentist has multiple partnerships, corporations or professional associations, they may choose to have a separate limit of liability to share between all of the entities. The premium for a separate limit of liability to share between the entities will be 10% of the total undiscounted base premium for all dentists for the first entity and 5% of the total undiscounted base premium for each additional entity.

II. PREMIUM DETERMINATION

1. Determine base rate for appropriate policy type and territory.
2. Refer to Classification Listing and apply the factor for the most appropriate class specialty being rated.
3. Apply the appropriate increase limit factor.
4. If the policy is claims made, apply the appropriate claims made step factor to reach the undiscounted premium.
5. Apply credit, if necessary, for part-time status.
6. Apply any credits/debits for scheduled or experience rating.
7. Apply rounding.
8. Example Premium Calculation:

   Assume the full time base rate is $1000. Credits or debits will be applied in consecutive order.
   $1,000.00 x .95 = $950.00 (Schedule rating credit of 5%)
   $950.00 x .95 = $902.50 (Experience rating credit of 5%)
   $902.50 = $903.00 (Apply rounding)

9. There will be a $200.00 minimum premium for all dental policies other than dental candidate coverage.

III. POLICY PERIOD

The policy period shall be for a one-year term, unless it is part of a group policy and the insured joins the group in the middle of the term. In this instance, a short-term policy will be issued and will expire on the group policy's expiration date.

IV. WHOLE DOLLAR PREMIUM RULE

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. If the premium is .50 or greater, round to next higher whole dollar. If premium is .49 or less, round down. In the event of cancellation, the return premium shall be rounded to the nearest whole dollar. Rounding is the last step of the premium calculation.

Example: $1234.30 is rounded to $1234.
$1234.60 is rounded to $1235.

V. PRACTICE LOCATION

Dentists who conduct a percentage of their practice located in another state or territory will be assessed additional premium, based upon the percentage of time spent in the other state or territory.

A. For insureds who practice in multiple states, the location of their primary practice will determine the base rate, with a premium debit of 25%, to be applied, based on their practice in the secondary state. The 25% debit will not be applied if the primary state's base rate is higher.

B. If more than one location of practice exists within the same state, the rate from the highest territory will be applied.

C. The insured must be licensed in all states where practicing.

VI. POLICY CANCELLATION

A. Cancellation By the Insured

The insured may cancel the policy by mailing or delivering notice to the Company stating when such cancellation shall be effective.

This policy will remain in full force and effect until its regular anniversary date unless the policy is cancelled sooner by the Company in accordance with the laws of the State of Illinois.

If the insured cancels the policy, earned premium shall be computed in accordance with the standard short rate tables and procedure. If the Company cancels the policy, earned premium shall be computed pro rata.

B. Cancellation/Non-Renewal By the Company

The Company may cancel or non-renew the policy in accordance with the insurance laws of the State of Illinois. Standard notice will be sent sixty (60) days prior to the cancellation or non-renewal date, except that in the event of non-payment of premium, then not less than ten (10) days prior notice of cancellation will be given or in the event of a short-term policy issued for a period of less than six months, we may not non-renew.

VII. PREMIUM PAYM[illegible]T OPTIONS

1. Annual
2. Semi-Annual 50% prepayment required
3. Quarterly 25% prepayment required
4. Other payment options available upon request for large group accounts.

VIII. RENEWALS

The policy will be renewed upon receipt of the required premium on or before the date of each successive policy period. The renewal premium shall be based on rates in effect on the renewal or anniversary date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium.

IX. SPECIAL PROVISIONS

A. Retroactive Coverage – Claims Made Only

This extension covers incidents which occurred subsequent to the prior carrier's retroactive date, but which are neither known nor reported as of the inception date of the replacement coverage written by Professional Solutions Insurance Company. The insured may purchase this equivalent of Extended Reporting Period Coverage from the Company. The insured may select the Retroactive Date (shown on the Coverage Summary) from a date that is equal to the retroactive date shown on the previous policy.

Premium for this extension is derived by rating the policy based upon the claims-made step factor determined by using the previous carrier's retroactive date.

No permission shall be granted for advancing the Retroactive Date after the policy has taken effect.

B. Basic Reporting Extension – Claims Made Only

This option applies when coverage under the policy ends, either by action of the insured or the Company through cancellation, termination or non-renewal.

Under the circumstances stated above, the Company will provide a thirty (30) day Basic Reporting Extension which allows claims to be reported during this time, which result from incidents that happened during the time the coverage was in force.

Within thirty (30) days of when the policy coverage terminates, the Company must advise the insured of the availability of an extended reporting endorsement, the premium cost, and the importance of buying this additional coverage extension, commonly called "Tail Coverage".

The insured will have the greater of sixty (60) days from the date the coverage is terminated, or thirty (30) days from the date of notice, to accept the Extended Reporting Endorsement in writing.

C. Extended Reporting Endorsement, also called Tail Coverage – Claims Made Only

This endorsement will provide coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims which arose from incidents, which occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to individual or entity policies.

The following factors ' be applied to the undiscounted mature claims le premium in effect at the time the policy is terminated to calculate the extended reporting endorsement premium:

# of Years Completed in Claims Made Program	Tail Factor
1	0.654
2	0.975
3	1.062
4+	1.082

If the Insured fails to pay the Extended Reporting Endorsement premium when due, the Insured will be liable to the Company for any losses and loss expenses incurred.

Professional Solutions Insurance Company cannot cancel the extended reporting endorsement except for non-payment of the additional premium.

D. Prior Acts – Occurrence Only

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	0.628
2	0.936
3	1.020
4+	1.039

E. Locum Tenens

Locum Tenens substituting and serving in the place of the insured shall be provided coverage at no additional premium, for a period not to exceed forty-five (45) days per policy term. A completed application must be submitted to the company for prior underwriting approval.

F. Part-Time Discount

An insured must practice less than 20 hours per week to become eligible for this credit. The insured must complete an application for part time credit. If the application is approved, the credit applied is 50% of the approved base premium.

G. New Dentist Discount

A new dentist is defined as a student who has completed his/her training within the previous six months and whose only contact with patients has been in the course of his/her training. The following credits will apply:

50% for the first year in practice
30% for the second year in practice
10% for the third year in practice

Those who receive a new dentist discount will not be eligible to receive any further credits.

Class D-1

Relativity 1.00

This class includes general dentists or specialists in orthodontics, pediatric dentistry, periodontics, endodontics, oral pathology, public health dentistry, prosthodontics, sports dentistry, forensic dentistry, or oral & maxillofacial radiology not otherwise classified in Class D-2.

Members of this class can treat with local anesthesia, oral medication, nitrous oxide, or oxygen sedation.

Members of this class will not receive coverage for any liability arising from the administration of a general anesthetic intended to cause unconsciousness unless administered in a hospital or state licensed and regulated surgical center or provided in the insured's office by a licensed provider of anesthetic services other than the insured.

Dental Candidates are included in Class D-1.

Class D-2

Relativity 1.25

Members of this class include any dentist or specialists listed in Class D-1 with administration of conscious sedation outside a hospital or state licensed and regulated surgical center environment.

Members of this class may extract soft-tissue impactions. Members of this class may perform implant restoration, implant surgery, or extraction of bony impactions a combined total of 100 or fewer times per year.

Class D-3

Relativity 3.00

Members of this class may be dentists or specialists listed in Class D-1 who performs dentistry using general anesthesia or deep sedation outside of a hospital or state licensed and regulated surgical center.

Members of this class may perform implant restoration, implant surgery, or extraction of bony impactions a combined total of more than 100 times per year.

Class D-4

Relativity 4.50

Members of this class are specialists in oral and maxillofacial surgery who administer, personally or by an employed/contracted anesthesiologist, any general anesthetic intended to cause unconsciousness if administered in a dental office.

Members of this class may perform TMJ-Phase II procedures. Members of this class may also use lasers in their practice.

Class D-5

Relativity 6.00

Members of this class are specialists in dental anesthesiology whose practice includes deep sedation and/or general anesthesia.

XI. SCHEDULED RATING PLAN

Professional Solutions Insurance Company will use the following schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of Professional Solutions Insurance Company uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the company.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of a 50% credit to a 50% debit to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this scheduled rating plan are subject to periodic review. The actual determination of the appropriate credit or debit will be determined through the underwriting review of the applicant's application.

Scheduled Rating Credits: The following circumstances will be considered for application of a scheduled rating credit:

1. **Cumulative Years of Patient Experience – 5-15% Credit**

   Insureds who have demonstrated a stable, longstanding practice and/or significant degree of experience in their area of medicine.

2. **Risk Management Practices and Procedure – 5-20% Credit**

   In order to qualify for this credit, the insured must demonstrate that risk management procedures and activities have been properly implemented, and that these procedures will reduce the frequency and severity of claims.

3. **Association or Group Affiliation – 10% Credit**

   Insureds who are in good standing of a recognized professional association or affinity group may be eligible to receive a credit.

Scheduled Rating Debits: The following circumstances, based on underwriting review of risk, will be considered for a scheduled rating debit application:

1.	High Risk Practice	0-50% Debit
2.	Adverse or unusual vicarious liability exposure	0-50% Debit
3.	Prior history of revocation or suspension of license	0-50% Debit
4.	Prior history of disciplinary action against licensure	0-50% Debit
5.	Prior or current membership in association revoked or refused	0-50% Debit
6.	Prior history of alcoholism, narcotic addiction or mental illness	0-50% Debit
7.	Conviction of crime	0-50% Debit

XII. EXPERIENCE RATING

Claims free credits

The following claims free credit schedule will apply if an insured has $10,000 of incurred indemnity:

# OF YEARS CLAIMS FREE	CREDIT
3 but less than 5	5%
5 but less than 8	10%
8 or more	15%

Claims debits

Claim debit factors – individual policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1	1.000
2	1.500
3	2.500

Claim debit factors – partnership/corporate policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1-2	1.000
3-4	1.500

The debit will not be based on an action that was filed or settled more than five (5) years immediately preceding the issuance or renewal of the policy.

Documentation, including copies of judgments, awards or stipulations of settlement will be requested and reviewed where available.

To obtain and verify experience applicable to each prospective insured, the Company will seek claim information from:

a. The applicant
b. The agent or broker
c. All previous insurers with respect to the experience period in question.

XIII. ENDORSED COVERAGES

Partnership, Corporation or Professional Association With Separate Limits of Liability Endorsement-Form PSIC-DDS-02

This endorsement provides a separate limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Partnership, Corporation or Professional Association With Shared Limits of Liability Endorsement-Form PSIC-DDS-03

This endorsement provides a shared limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Additional Insured Endorsement-Form PSIC-DDS-04

This endorsement provides coverage for an additional insured. This is an optional endorsement. The charge for this endorsement will be 15% of the base corporation/partnership premium or the individual premium if there is no corporation/ partnership coverage.

Temporary Leave of Absence Endorsement-PSIC-DDS-05 and PSIC-DDS-20

This endorsement may be utilized if an insured must take a leave of absence from their practice. Insureds who become disabled or take a leave of absence shall become eligible for suspension of coverage at a rate reduction of 90% of the otherwise applicable rate for the period of disability or leave of absence. The period must extend for a minimum length of sixty (60) days or more up to a maximum of one hundred eighty (180) days or until renewal. The lower premium will apply retroactively to the first day of the disability or leave.

This option provides continued protection to the provider who experiences a temporary interruption in his or her practice (subject to the stated eligibility requirements), for claims arising from acts, errors or omissions which occurred prior to the inception of the disability or leave. There is no coverage for acts, errors or omissions during the leave or disability period. Form claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

If disabled, proof of disability must be submitted to the Company for approval, and the calculation of the credit will be on a pro rata basis for the period of the qualifying disability.

For claims made policies, while on disability or leave, credit toward extended reporting vesting will continue to accrue, and the insured must continue to pay premiums when due.

Eligible Situations For Temporary Leave of Absence: Short-Term Disability, Maternity Leave or any other reason pre-approved by Professional Solutions Insurance Company – Does not apply to vacations

Extended Reporting Endorsement-Form PSIC-DDS-06 – Claims Made Only

This endorsement provides coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims, which arose from incidents that occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to group or entity policies.

Multiple Partnership, Corporation or Professional Association Endorsement-Form PSIC-DDS-14

This endorsement is used when an insured has multiple partnerships, corporations, or professional associations and wishes to have a separate limit of liability to cover these entities. This endorsement will provide one separate limit of liability that will be shared between the entities.

Product Liability Endorsement-Form PSIC-DDS-15 and PSIC-DDS-21

This endorsement provides coverage for legal defense expenses incurred if the insured is made a party to a product liability action due to a known or suspected defect, deficiency, inadequacy or dangerous condition of a product or products of another manufacturer which you sold, handled, distributed or disposed of. The limit of liability for all defense expenses under this endorsement is $50,000 per incident and $100,000 aggregate limit of liability. The premium charge for this coverage will be 10% of the base premium for the insured's professional liability coverage.

Dental Candidate Endorsement-Form PSIC-DDS-16 and PSIC-DDS-22

This endorsement provides coverage for any claim for injury arising out of a dental candidate's acts, errors, or omissions in the rendering of or failure to render professional services, while completing State or Regional Board Examinations for a license to practice dentistry. The limits of liability for this endorsement will be $100,000 per claim and $300,000 aggregate. The charge for this endorsement is $15.00.

Active Military Duty Endorsement-Form PSIC-DDS-17 and PSIC-DDS-23

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military duty. For claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

Limited Permit / Temp ...ry Training Endorsement-PSIC-DDS-18 a ...PSIC-DDS-24

This endorsement provides coverage to a dental school graduate practicing dentistry under a limited permit, a temporary license, or an extended temporary license issued by a state licensing board for any claim for injury arising out of the insured graduate dentist's acts, errors or omissions in the rendering or failure to render professional services in a specialty, residency, intern or graduate program and only while under the supervision of a state licensed dentist and according that state's limitations. The limits of liability for this endorsement will be $1,100,000 per claim and $3,000,000 aggregate. The charge for this endorsement is $218.00.

Prior Acts Endorsement-PSIC-DDS-25

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered.

XIV. RATES

Claims Made Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,703.00
Illinois Territory 02 - (Remainder of State)	$933.00

Occurrence Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,851.00
Illinois Territory 02 - (Remainder of State)	$1,014.00

Dental Increase limit factors: The applicable limit factor is determined by the chosen limit option on the application.

Limits of Liability	Increase Limit Factors
$100,000/$300,000	1.00
$200,000/$600,000	1.14
$250,000/$750,000	1.31
$500,000/$1,000,000	1.33
$1,100,000/$3,000,000	1.56
$2,000,000/$4,000,000	1.72

Claims-Made Step Factors:

Year	Claims-Made Step Factor
1	0.32
2	0.60
3	0.81
4	0.90
Mature	1.00

6th Month Rule: If the period between the retroactive date and the policy effective date is less than 6 months, rate at year 1. If the period is more than 6 months, rate at year 2, with each of the next consecutive claims made step increases applied at each renewal.

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

STATE OF ILLINOIS

DENTAL PROFESSIONAL LIABILITY MANUAL

(Claims Made and Occurrence)

I. APPLICATION OF THIS MANUAL-ELIGIBILITY

This program covers Dentists engaged in general dentistry, dental anesthesia and oral surgery or operative dentistry on patients rendered unconscious through the administering of an anesthesia or analgesia. Refer to the classification plan for a description of each risk/rating category.

A. Dental Service Providers

Licensed dentists who must meet the current underwriting standards of Professional Solutions Insurance Company for their particular dental practice.

B. Ancillary Dental Personnel

Ancillary dental employees are included as insureds for their acts while performing duties within the scope of their employment while under the supervision of the insured dentist named in the Coverage Summary. Ancillary dental employees are not separately rated and do not include licensed health care providers, except for dental hygienists.

C. Corporation Coverage

Separate Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for separate limits of liability. The premium for separate limits will be 10% of the total undiscounted base premium for all dentists.

Shared Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for shared limits of liability. The premium charge for shared limits will be 5% of the total undiscounted base premium for all dentists.

Sole Practitioner: This program also provides coverage for shared limits of liability at no additional charge to a dentist's professional entity, as long as the entity does not employ any other licensed health care providers.

Multiple Corporations: If a dentist has multiple partnerships, corporations or professional associations, they may choose to have a separate limit of liability to share between all of the entities. The premium for a separate limit of liability to share between the entities will be 10% of the total undiscounted base premium for all dentists for the first entity and 5% of the total undiscounted base premium for each additional entity.

II. PREMIUM DETERMINATION

1. Determine base rate for appropriate policy type and territory.
2. Refer to Classification Listing and apply the factor for the most appropriate class specialty being rated.
3. Apply the appropriate increase limit factor.
4. If the policy is claims made, apply the appropriate claims made step factor to reach the undiscounted premium.
5. Apply credit, if necessary, for part-time status.
6. Apply any credits/debits for scheduled or experience rating.
7. Apply rounding.
8. Example Premium Calculation:

   Assume the full time base rate is $1000. Credits or debits will be applied in consecutive order.
   $1,000.00 x .95 = $950.00 (Schedule rating credit of 5%)
   $950.00 x .95 = $902.50 (Experience rating credit of 5%)
   $902.50 = $903.00 (Apply rounding)

9. There will be a $200.00 minimum premium for all dental policies other than dental candidate coverage.

III. POLICY PERIOD

The policy period shall be for a one-year term, unless it is part of a group policy and the insured joins the group in the middle of the term. In this instance, a short-term policy will be issued and will expire on the group policy's expiration date.

IV. WHOLE DOLLAR PREMIUM RULE

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. If the premium is .50 or greater, round to next higher whole dollar. If premium is .49 or less, round down. In the event of cancellation, the return premium shall be rounded to the nearest whole dollar. Rounding is the last step of the premium calculation.

Example: $1234.30 is rounded to $1234.
$1234.60 is rounded to $1235.

V. PRACTICE LOCATION

Dentists who conduct a percentage of their practice located in another state or territory will be assessed additional premium, based upon the percentage of time spent in the other state or territory.

A. For insureds who practice in multiple states, the location of their primary practice will determine the base rate, with a premium debit of 25%, to be applied, based on their practice in the secondary state. The 25% debit will not be applied if the primary state's base rate is higher.

B. If more than one location of practice exists within the same state, the rate from the highest territory will be applied.

C. The insured must be licensed in all states where practicing.

VI. POLICY CANCELLATION

A. Cancellation By the Insured

The insured may cancel the policy by mailing or delivering notice to the Company stating when such cancellation shall be effective.

This policy will remain in full force and effect until its regular anniversary date unless the policy is cancelled sooner by the Company in accordance with the laws of the State of Illinois.

If the insured cancels the policy, earned premium shall be computed in accordance with the standard short rate tables and procedure. If the Company cancels the policy, earned premium shall be computed pro rata.

B. Cancellation/Non-Renewal By the Company

The Company may cancel or non-renew the policy in accordance with the insurance laws of the State of Illinois. Standard notice will be sent sixty (60) days prior to the cancellation or non-renewal date, except that in the event of non-payment of premium, then not less than ten (10) days prior notice of cancellation will be given or in the event of a short-term policy issued for a period of less than six months, we may not non-renew.

VII. PREMIUM PAYM[illegible]T OPTIONS

1. Annual
2. Semi-Annual 50% prepayment required
3. Quarterly 25% prepayment required as the initial down payment with remaining payments of 25% each due at 3, 6 & 9 months after policy inception
4. Other payment options available upon request for large group accounts.

There is no installment fee charge or interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction. If the policy is issued with a final fully discounted premium less than $500, the policy must be billed on an annual basis.

VIII. RENEWALS

The policy will be renewed upon receipt of the required premium on or before the date of each successive policy period. The renewal premium shall be based on rates in effect on the renewal or anniversary date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium.

IX. SPECIAL PROVISIONS

A. Retroactive Coverage – Claims Made Only

This extension covers incidents which occurred subsequent to the prior carrier's retroactive date, but which are neither known nor reported as of the inception date of the replacement coverage written by Professional Solutions Insurance Company. The insured may purchase this equivalent of Extended Reporting Period Coverage from the Company. The insured may select the Retroactive Date (shown on the Coverage Summary) from a date that is equal to the retroactive date shown on the previous policy.

Premium for this extension is derived by rating the policy based upon the claims-made step factor determined by using the previous carrier's retroactive date.

No permission shall be granted for advancing the Retroactive Date after the policy has taken effect.

B. Basic Reporting Extension – Claims Made Only

This option applies when coverage under the policy ends, either by action of the insured or the Company through cancellation, termination or non-renewal.

Under the circumstances stated above, the Company will provide a thirty (30) day Basic Reporting Extension which allows claims to be reported during this time, which result from incidents that happened during the time the coverage was in force.

Within thirty (30) days of when the policy coverage terminates, the Company must advise the insured of the availability of an extended reporting endorsement, the premium cost, and the importance of buying this additional coverage extension, commonly called "Tail Coverage".

The insured will have the greater of sixty (60) days from the date the coverage is terminated, or thirty (30) days from the date of notice, to accept the Extended Reporting Endorsement in writing.

C. Extended Reporting E rsement, also called Tail Coverage – Clain lade Only

This endorsement will provide coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims which arose from incidents, which occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to individual or entity policies.

The following factors will be applied to the undiscounted mature claims made premium in effect at the time the policy is terminated to calculate the extended reporting endorsement premium:

# of Years Completed in Claims Made Program	Tail Factor
1	0.654
2	0.975
3	1.062
4+	1.082

If the Insured fails to pay the Extended Reporting Endorsement premium when due, the Insured will be liable to the Company for any losses and loss expenses incurred.

Professional Solutions Insurance Company cannot cancel the extended reporting endorsement except for non-payment of the additional premium.

D. Prior Acts – Occurrence Only

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	0.628
2	0.936
3	1.020
4+	1.039

E. Locum Tenens

Locum Tenens substituting and serving in the place of the insured shall be provided coverage at no additional premium, for a period not to exceed forty-five (45) days per policy term. A completed application must be submitted to the company for prior underwriting approval.

F. Part-Time Discount

An insured must practice less than 20 hours per week to become eligible for this credit. The insured must complete an application for part time credit. If the application is approved, the credit applied is 50% of the approved base premium.

G. New Dentist Discount

A new dentist is defined as a student who has completed his/her training within the previous six months and whose only contact with patients has been in the course of his/her training. The following credits will apply:

50% for the first year in practice
30% for the second year in practice
10% for the third year in practice

Those who receive a new dentist discount will not be eligible to receive any further credits.

X. CLASSIFICATION PLAN

Class D-1

Relativity 1.00

This class includes general dentists or specialists in endodontics, forensic dentistry, oral & maxillofacial radiology, oral pathology, orthodontics, pediatric dentistry, periodontics, prosthodontics, public health dentistry, or sports dentistry.

Coverage under this classification would not apply to the general practitioner or specialist who is engaged in dentistry on patients rendered unconscious through the administration of general anesthesia unless the general anesthesia is administered in a duly licensed hospital, outpatient surgical center or the insured's office by an anesthesiologist, or certified registered nurse anesthetist supervised by such anesthesiologists, other than an insured dentist, his or her employees, or any other person or organization for whose acts or omissions the insured dentist is legally responsible.

Dental Candidates are included in Class D-1.

Class D-4

Relativity 4.50

Members of this class are specialists in oral and maxillofacial surgery who administer, personally or by an employed/contracted anesthesiologist, any general anesthetic intended to cause unconsciousness if administered in a dental office.

Members of this class may perform TMJ-Phase II procedures. Members of this class may also use lasers in their practice.

Class D-5

Relativity 6.00

Members of this class are specialists in dental anesthesiology whose practice includes deep sedation and/or general anesthesia.

XI. SCHEDULED RATING PLAN

Professional Solutions Insurance Company will use the following schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of Professional Solutions Insurance Company uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the company.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of a 50% credit to a 50% debit to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this scheduled rating plan are subject to periodic review. The actual determination of the appropriate credit or debit will be determined through the underwriting review of the applicant's application.

Scheduled Rating Credits: The following circumstances will be considered for application of a scheduled rating credit:

1. **Cumulative Year. Patient Experience** **0-15% C t**

   Insureds who have demonstrated a stable, longstanding practice and/or significant degree of experience in their area of medicine.

2. **Risk Management Practices and Procedure** **0-20% Credit**

   In order to qualify for this credit, the insured must demonstrate that risk management procedures and activities have been properly implemented, and that these procedures will reduce the frequency and severity of claims.

3. **Dental Specialty Board Certification** **0-10% Credit**

   Any dentist in good standing that holds a current specialty certification by the licensing board. Documentation of specialty certification must be submitted every three years.

Scheduled Rating Debits: The following circumstances, based on underwriting review of risk, will be considered for a scheduled rating debit application:

1.	High Risk Practice	0-50% Debit
2.	Adverse or unusual vicarious liability exposure	0-50% Debit
3.	Prior history of revocation or suspension of license	0-50% Debit
4.	Prior history of disciplinary action against licensure	0-50% Debit
5.	Prior or current membership in association revoked or refused	0-50% Debit
6.	Prior history of alcoholism, narcotic addiction or mental illness	0-50% Debit
7.	Conviction of crime	0-50% Debit

XII. EXPERIENCE RATING

Claims free credits

The following claims free credit schedule will apply if an insured has $10,000 of incurred indemnity:

# OF YEARS CLAIMS FREE	CREDIT
3 but less than 5	5%
5 but less than 8	10%
8 or more	15%

Claims debits

Claim debit factors – individual policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1	1.000
2	1.500
3	2.500

Claim debit factors – nership/corporate policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1-2	1.000
3-4	1.500

The debit will not be based on an action that was filed or settled more than five (5) years immediately preceding the issuance or renewal of the policy.

Documentation, including copies of judgments, awards or stipulations of settlement will be requested and reviewed where available.

To obtain and verify experience applicable to each prospective insured, the Company will seek claim information from:

a. The applicant
b. The agent or broker
c. All previous insurers with respect to the experience period in question.

XIII. ENDORSED COVERAGES

Partnership, Corporation or Professional Association With Separate Limits of Liability Endorsement-Form PSIC-DDS-02

This endorsement provides a separate limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Partnership, Corporation or Professional Association With Shared Limits of Liability Endorsement-Form PSIC-DDS-03

This endorsement provides a shared limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Additional Insured Endorsement-Form PSIC-DDS-04

This endorsement provides coverage for an additional insured. This is an optional endorsement. The charge for this endorsement will be 15% of the base corporation/partnership premium or the individual premium if there is no corporation/ partnership coverage.

Temporary Leave of Absence Endorsement-PSIC-DDS-05 and PSIC-DDS-20

This endorsement may be utilized if an insured must take a leave of absence from their practice. Insureds who become disabled or take a leave of absence shall become eligible for suspension of coverage at a rate reduction of 90% of the otherwise applicable rate for the period of disability or leave of absence. The period must extend for a minimum length of sixty (60) days or more up to a maximum of one hundred eighty (180) days or until renewal. The lower premium will apply retroactively to the first day of the disability or leave.

This option provides continued protection to the provider who experiences a temporary interruption in his or her practice (subject to the stated eligibility requirements), for claims arising from acts, errors or omissions which occurred prior to the inception of the disability or leave. There is no coverage for acts, errors or

omissions during the le or disability period. Form claims made polic because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

If disabled, proof of disability must be submitted to the Company for approval, and the calculation of the credit will be on a pro rata basis for the period of the qualifying disability.

For claims made policies, while on disability or leave, credit toward extended reporting vesting will continue to accrue, and the insured must continue to pay premiums when due.

Eligible Situations For Temporary Leave of Absence: Short-Term Disability, Maternity Leave or any other reason pre-approved by Professional Solutions Insurance Company – Does not apply to vacations

Extended Reporting Endorsement-Form PSIC-DDS-06 – Claims Made Only

This endorsement provides coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims, which arose from incidents that occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to group or entity policies.

Multiple Partnership, Corporation or Professional Association Endorsement-Form PSIC-DDS-14

This endorsement is used when an insured has multiple partnerships, corporations, or professional associations and wishes to have a separate limit of liability to cover these entities. This endorsement will provide one separate limit of liability that will be shared between the entities.

Product Liability Endorsement-Form PSIC-DDS-15 and PSIC-DDS-21

This endorsement provides coverage for legal defense expenses incurred if the insured is made a party to a product liability action due to a known or suspected defect, deficiency, inadequacy or dangerous condition of a product or products of another manufacturer which you sold, handled, distributed or disposed of. The limit of liability for all defense expenses under this endorsement is $50,000 per incident and $100,000 aggregate limit of liability. The premium charge for this coverage will be 10% of the base premium for the insured's professional liability coverage.

Dental Candidate Endorsement-Form PSIC-DDS-16 and PSIC-DDS-22

This endorsement provides coverage for any claim for injury arising out of a dental candidate's acts, errors, or omissions in the rendering of or failure to render professional services, while completing State or Regional Board Examinations for a license to practice dentistry. The limits of liability for this endorsement will be $100,000 per claim and $300,000 aggregate. The charge for this endorsement is $15.00.

Active Military Duty Endorsement-Form PSIC-DDS-17 and PSIC-DDS-23

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military duty. For claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

Limited Permit / Temporary Training Endorsement-PSIC-DDS-18 and PSIC-DDS-24

This endorsement provides coverage to a dental school graduate practicing dentistry under a limited permit, a temporary license, or an extended temporary license issued by a state licensing board for any claim for injury arising out of the insured graduate dentist's acts, errors or omissions in the rendering or failure to render professional services in a specialty, residency, intern or graduate program and only while under the supervision of a state licensed dentist and according that state's limitations. The limits of liability for this endorsement will be $1,100,000 per claim and $3,000,000 aggregate. The charge for this endorsement is $218.00.

Prior Acts Endorsement-PSIC-DDS-25

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered.

XIV. RATES

Claims Made Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,529.00
Illinois Territory 02 - (Remainder of State)	$838.00

Occurrence Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,662.00
Illinois Territory 02 - (Remainder of State)	$911.00

Dental Increase limit factors: The applicable limit factor is determined by the chosen limit option on the application.

Limits of Liability	Increase Limit Factors
$100,000/$300,000	1.00
$200,000/$600,000	1.14
$250,000/$750,000	1.31
$500,000/$1,000,000	1.33
$1,100,000/$3,000,000	1.56
$2,000,000/$4,000,000	1.72

Claims-Made Step Factors:

Year	Claims-Made Step Factor
1	0.32
2	0.60
3	0.81
4	0.90
Mature	1.00

6th Month Rule: If the period between the retroactive date and the policy effective date is less than 6 months, rate at year 1. If the period is more than 6 months, rate at year 2, with each of the next consecutive claims made step increases applied at each renewal.

PSIC INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY
ACTUARIAL ANALYSIS OF PROPOSED RATE LEVELS
EFFECTIVE APRIL 1, 2007

This memorandum has been prepared in support of Professional Solutions Insurance Company's (PSIC) proposed rates to be effective April 1, 2007 for Illinois dental professional liability (DPL) coverage.

Due to a lack of PSIC-specific premium and claims experience, we have reviewed the current Illinois DPL rate filing of The Medical Protective Company (Med Pro) in order to evaluate the rate level needs of PSIC. We believe the Med Pro rate filing provides a representative source for estimating PSIC's expected DPL claims experience in Illinois.

The key assumptions underlying PSIC's proposed rates are summarized below:

1) PSIC has assumed that the indicated expected loss and allocated loss adjustment expense (ALAE) for an Illinois base class dentist reflected in the Med Pro rate filing effective June 1, 2005 is representative of the claims experience PSIC expects to incur on its Illinois book of business (see Exhibit 1 for the estimation of the Med Pro loss and ALAE pure premium). On Exhibit 2, we estimate a PSIC-specific loss and loss adjustment expense (LAE) pure premium by adjusting the Med Pro pure premium for differences in class and territorial plans and incorporating PSIC's cost for unallocated loss adjustment expense (ULAE) and

provision for premium waivers on tail coverage provided in the event of death, disability or retirement (discussed further below);

2) Based on an assumed statewide distribution of dentists by class in Illinois, we estimated an overall weighted average relativity for both PSIC's proposed class plan and Med Pro's class plan. Our analysis shows that, on an overall basis, Med Pro's pure premium should be increased by 1.6% to offset the decreased premium income to PSIC due to class plan differences. Exhibit 3 summarizes the details of this calculation;

3) PSIC currently uses a territorial plan different than that of Med Pro. Supported by an American Medical Association (AMA) distribution of physicians by county in Illinois (as a proxy for dentists), we estimated an overall weighted average rate relativity for both PSIC's territorial plan and Med Pro's territorial plan. Our analysis shows that, on an overall basis, Med Pro's pure premium should be decreased by 8.0% to offset the greater premium income to PSIC due to territory plan differences. Exhibit 4 summarizes the details of this calculation;

4) We have assumed PSIC's unallocated loss adjustment expenses (ULAE) will be 7.0% of its loss and ALAE at $1,100,000 / $3,000,000. We have assumed that PSIC would incur the same ULAE costs as its parent company, NCMIC Insurance Company. The derivation of this assumption is shown on Exhibit 5;

5) PSIC's proposed rate structure includes an explicit provision to fund the anticipated premium waiver for the reporting endorsement in the event of death, disability or retirement (DDR). Specifically, PSIC's claims-made rates include a provision equivalent to 4.0% of loss and ALAE to fund this exposure;

6) As displayed on Exhibit 6, the proposed rate results in a target combined ratio of 105.7%, broken down as follows:

Provision	Ratio
Loss & LAE Ratio	87.7%
Underwriting Expenses	18.0
Target Combined Ratio	**105.7%**

Respectfully submitted,

Chad C. Karls, F.C.A.S., M.A.A.A.
Consulting Actuary

Charles W. Mitchell, F.C.A.S., M.A.A.A.
Actuary

CCK/CWM/sbs

Encl.

March 20, 2007

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Illinois

Summary of Effects Exhibit

-12.2%	% Base Rate Decrease
-20.0%	Minimum % Change (Class 2)
-66.7%	Maximum % Change (Class 3)
3	# of Total Insureds (all are Class 2)

Total DWP for 2006	Base Rate Decrease %	Class Plan Revision %	Total % Change	Change in DWP
$1,711	-10.2%	-20.0%	-30.2%	-$517

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY

DERIVATION OF MED PRO MATURE CLAIMS-MADE LOSS & ALAE PURE PREMIUM

REMAINDER OF STATE

(1)	The Medical Protective Company (Med Pro) Dental Professional Liability, Remainder of State(ROS), Mature Claims-Made Filed Manual Rate, $1,000,000/$3,000,000 Limits	1,818
(2)	ILF from $1,000,000 to $1,100,000	1.011
(3)	Med Pro Dental Base Class, ROS, Mature Claims-Made Indicated Manual Rate, $1,100,000/$3,000,000 Limits; (1) x [(2)]	1,837
(4)	Med Pro Average Premium Credit	17.5% [1]
(5)	Med Pro Dental Base Class, ROS, Mature Claims-Made Indicated Collected Rate, $1,100,000/$3,000,000 Limits; (3) x [1 - (4)]	1,516
(6)	Med Pro Fixed Expense Load	260 [1]
(7)	Med Pro Variable Expense Load	19.0% [1]
(8)	Med Pro Dental Base Class, ROS, Mature Claims-Made Indicated Loss & LAE Pure Premium(including DDR), $1,100,000 / $3,000,000 Limits; (5) x [1 - (7)] - (6)	968
(9)	Med Pro Assumed DDR Load [2]	4.0%
(10)	Med Pro ULAE Load	2.7% [1]
(11)	Med Pro Dental Base Class, ROS, Mature Claims-Made Loss & ALAE Pure Premium(Excluding DDR), $1,100,000/$3,000,000 limits; (8) / { [1 + (9)] x [1 + (10)] }	906
(12)	Med Pro Effective Date	06/01/05
(13)	Trend Factor to 04/01/07 Effective Date at 5.0% Annual Trend	1.093
(14)	Trended to 04/01/07 Dental Base Class, ROS, Mature Claims-Made Loss & ALAE Undiscounted Pure Premium (Excluding DDR), $1,100,000/$3,000,000 Limits (11) x (13)	990

[1] Med Pro's fixed and variable expense loads, ULAE, and premium credit are from various states filings effective throughout 2005
Note: Med Pro's variable expense load includes the investment income offset and profit load

[2] Med Pro's DDR Load was not available. We relied on PSIC's load so that there will be no rate impact for potential differences.

PSIC INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY

DERIVATION OF PSIC MATURE CLAIMS-MADE LOSS & LAE PURE PREMIUM

REMAINDER OF STATE

(1)	Trended to 04/01/07 Dental Base Class, ROS, Mature Claims-Made Loss & ALAE Undiscounted Pure Premium (Excluding DDR), $1,100,000/$3,000,000 Limits	990
(2)	PSIC ULAE Load	7.1%
(3)	DDR Load as a Percent of Loss & LAE	4.0%
(4)	Trended to 04/01/07 Dental Base Class, ROS, Mature Claims-Made Loss & LAE Undiscounted Pure Premium (Including DDR), $1,100,000/$3,000,000 Limits; (1) x [1 + (2)] x [1 + (3)]	1,103
(5)	Adjustment to Reflect PSIC Class Plan	1.016
(6)	Adjustment to Reflect PSIC Territorial Plan	0.920
(7)	Trended to 04/01/07 PSIC Dental Base Class, ROS, Mature Claims-Made Loss & LAE Undiscounted Pure Premium (Including DDR), $1,100,000/$3,000,000 Limits; (4) x (5) x (6)	1,032

PSIC INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY

DERIVATION OF CLASS PLAN OFFSET

PSIC Class	PSIC Relativity	Med Pro Average Relativity	Assumed Distribution[1]
D-1	1.00	1.02	99.90%
D-4	4.50	6.50	0.00%
D-5	6.00	3.00	0.10%
Total	1.005	1.021	

Class Plan Offset = 1.021 / 1.005 = 1.016.

[1] Based on a Medical Protective distribution in CA

PSIC INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY

DERIVATION OF TERRITORIAL PLAN OFFSET

Area	PSIC Territory	Number of Physicians in Illinois Based on AMA [1]	Percentage of Total Dentists	PSIC Relativity	Med Pro Relativity
Cook County	1	21,161	56.3%	1.825	1.500
Madison, St. Clair	2	864	2.3%	1.000	1.500
DuPage, Kane, Will, Lake, McHenry	2	8,243	21.9%	1.000	1.250
Remainder of State	2	7,340	19.5%	1.000	1.000
	Total	37,608	100.0%	1.464	1.348

Territory Plan Offset = 1.348 / 1.464 = 0.920.

[1] *Used distribution of physicians as proxy for distribution of dentists by territory*

NCMIC Insurance Company
Professional Liability
Coverage as of December 31, 2006

Selection of ULAE Load

Calendar Year	($000's) Direct Paid ULAE [1]	($000's) Direct Paid Loss & ALAE [1]	ULAE as a Percentage of Loss & ALAE
1995	1,639	31,210	5.3%
1996	976	31,210	3.1%
1997	1,679	25,759	6.5%
1998	717	23,405	3.1%
1999	1,637	24,946	6.6%
2000	1,652	20,541	8.0%
2001	1,454	23,271	6.2%
2002	1,493	24,621	6.1%
2003	1,686	25,058	6.7%
2004 [2]	1,670	24,566 [5]	6.8%
2005 [2, 3]	2,120	28,414 [5]	7.5%
2006 [2, 3, 4]	2,053	27,644 [5]	7.4%
Total	18,775	310,646	6.0%
2003-2006	7,528	105,683	7.1%
Select			7.1%

[1] Calendar years 1995-2003 are gross paid data from Annual Statements and may include small amounts of assumed loss in more recent years
[2] Calendar years 2004-06 is paid data on direct business with in-house claims handling only received from NCMIC
[3] ULAE ratio may be higher than usual due to handling of LPP claims
[4] Reflects exposure through December 31, 2006
[5] Excludes LPP

PSIC INSURANCE COMPANY

ILLINOIS DENTAL PROFESSIONAL LIABILITY

DERIVATION OF MATURE CLAIMS-MADE RATE

REMAINDER OF STATE

(1)	Trended to 04/01/07 PSIC Dental Base Class, ROS, Mature Claims-Made Loss & LAE Undiscounted Pure Premium (Including DDR), $1,100,000/$3,000,000 Limits;	1,032
(2)	PSIC Underlying Target Combined Ratio	
	a) Loss & LAE Ratio	87.7%
	b) Underwriting Expense Ratio	18.0%
	c) Target Combined Ratio	105.7%
(3)	Indicated PSIC Dental Base Class, ROS, Mature Claims-Made Collected Rate, $1,100,000/$3,000,000 Limits, Effective 04/01/07; (1) / (2a)	1,177
(4)	Off-Balance Factor for Anticipated PSIC Average Premium Credit of 10.0%	1.111
(5)	Indicated PSIC Dental Base Class, ROS, Mature Claims-Made Manual Rate, $1,100,000/$3,000,000 Limits, Effective 04/01/07; (3) x (4)	1,308

Contact Person:
Gayle Neuman
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Gayle.Neuman@illinois.gov

Illinois Division of Insurance Review Requirements Checklist

320 West Washington Street
Springfield, IL 62767-0001

Effective as of 8/25/06

Line(s) of Business	Code(s)	
X **MEDICAL MALPRACTICE**	**11.0000**	***This checklist is for rate/rule filings only. See separate form checklist.
___Claims Made	11.1000	
___Occurrence	11.2000	

Line(s) of Insurance	Code(s)	Line(s) of Insurance	Code(s)	Line(s) of Insurance	Code(s)
___Acupuncture	11.0001	___Hospitals	11.0009	___Optometry	11.0019
___Ambulance Services	11.0002	___Professional Nurses	11.0032	___Osteopathy	11.0020
___Anesthetist	11.0031	___Nurse – Anesthetists	11.0010	___Pharmacy	11.0021
___Assisted Living Facility	11.0033	___Nurse – Lic. Practical	11.0011	___Physical Therapy	11.0022
___Chiropractic	11.0003	___Nurse – Midwife	11.0012	___Physicians & Surgeons	11.0023
___Community Health Center	11.0004	___Nurse – Practitioners	11.0013	___Physicians Assistants	11.0024
___Dental Hygienists	11.0005	___Nurse – Private Duty	11.0014	___Podiatry	11.0025
___Dentists	11.0030	___Nurse – Registered	11.0015	___Psychiatry	11.0026
X Dentists – General Practice	11.0006	___Nursing Homes	11.0016	___Psychology	11.0027
___Dentists – Oral Surgeon	11.0007	___Occupational Therapy	11.0017	___Speech Pathology	11.0028
___Home Care Service Agencies	11.0008	___Ophthalmic Dispensing	11.0018	___Other	11.0029

Illinois Insurance Code Link	Illinois Compiled Statutes Online	
Illinois Administrative Code Link	Administrative Regulations Online	
Product Coding Matrix Link	Product Coding Matrix	
NAIC Uniform Transmittal Form	50 IL Adm. Code 929 NAIC Uniform Transmittal Form	If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/ explanatory memorandum, the Division will accept such form, as long as all information required in the "Cover Letter & Explanatory Memorandum" section below are properly included.
NAIC Self-Certification Pilot Program	Newsletter Article regarding Division's Participation Self-Certification form	If an authorized company officer completes the Self-Certification form, and submits such form as the 1st page of the filing, the Division will expedite review of the filing ahead of all other filings received to date. The Division will track company compliance with the laws, regulations, bulletins, and this checklist and report such information to the NAIC.
Location of Standard within Filing Column	See checklist format below.	To expedite review of your filing, use this column to indicate location of the standard within the filing (e.g. page #, section title, etc.)
Description of Review Standards Requirements Column	See checklist format below.	These brief summaries do not include all requirements of all laws, regulations, bulletins, or requirements, so review actual law, regulation, bulletin, or requirement for details to ensure that forms are fully compliant before filing with the Division of Insurance.

FILING REQUIREMENTS FOR FORM FILINGS	REFERENCE	DESCRIPTION OF REVIEW STANDARD REQUIREMENT	LOCATION OF STANDARD WITHIN FILING
See separate form filing checklist.		To assist insurers in submitting compliant medical liability rate/rule filings as a result of newly-passed PA94-677 (SB475), the Division has created this separate, comprehensive rate/rule filing checklist for medical liability filings. Please see the separate form filing checklist for requirements related to medical liability forms.	N/A
GENERAL FILING REQUIREMENTS FOR ALL RATE/ RULE FILINGS			
LINE OF AUTHORITY			
Must have proper Class and Clause authority to conduct this line of business in Illinois.	215 ILCS 5/4 List of Classes/ Clauses	To write Medical Liability insurance in Illinois, companies must be licensed to write: 1. Class 2, Clause (c)	OK
RATES AND RULES REQUIRED TO BE FILED			
Rates/Rules Must be Filed Separately from Forms			
Insurers shall make separate filings for rate/ rules and for forms/ endorsements, etc.		The laws and regulations for medical liability forms/ endorsements and the laws for medical liability rates/ rules are different and each must be reviewed according to its own set of laws/regulations/procedures. Therefore, insurers are required to file forms and rates/rules separately. For requirements regarding form filings, see separate form filing checklist.	OK
New Insurers			
New insurers must file their rates, rules, plans for gathering statistics, etc. upon commencement of business.	215 ILCS 5/155.18 50 IL Adm. Code 929	"New Insures" are insurers who are: • New to Illinois. • New writers of medical liability insurance in Illinois. • Writing a new Line of Insurance listed on Page 1 of this checklist, New insurers must file the following: a) Medical liability insurance rate manual, including all rates. b) Rules, including underwriting rule manuals which contain rules for applying rates or rating plans, c) Classifications and other such schedules used in writing medical liability insurance. d) Statement regarding whether the insurer:	N/A

		• Has its own plan for the gathering of medical liability statistics; or • Reports its medical liability statistics to a statistical agent (and if so, which agent). The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency. Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.	N/A
Amendments to Initial Rate/Rule Filings			
After a new insurer has filed the rates/rules/ information described above, insurers must file rates/rules, or advise of changes to statistical plans, as often as they are amended.	215 ILCS 5/155.18 50 IL Adm. Code 929	After a new insurer has filed the rates/rules/information described above, insurers must file rates/rules/rating schedules (as described above for new business) as often as such filings are changed or amended, or when any new rates or rules are added. Any change in premium to the company's insureds as a result of a change in the company's base rates or a change in its increased limits factors shall constitute a change in rates and shall require a filing with the Director. Insurers shall also advise the Director if its plans for the gathering of statistics has changed, or if the insurer has changed statistical agents. The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency. Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.	OK
EFFECTIVE DATES OF RATE/RULE FILINGS			
Illinois is "file and use" for medical liability rates and rules.	215 ILCS 5/155.18 50 IL Adm. Code 929	A rate/rating plan/rule filing shall go into effect no earlier than the date the filing is received by the Division of Insurance, Property & Casualty Compliance Section, except as otherwise provided in Section 155.18.	OK
ADOPTIONS OF ADVISORY ORGANIZATION FILINGS			
Insurer must file all rates and rules on its own behalf.	50 IL Adm. Code 929	Although Rule 929 allows for insurers to adopt advisory organization rule filings, advisory organizations no longer file rules in Illinois.	N/A
COPIES, RETURN ENVELOPES, ETC.			

Requirement for duplicate copies and return envelope with adequate postage.	50 IL Adm. Code 929	Insurers that desire a stamped returned copy of the filing or submission letter must submit a duplicate copy of the filing/letter, along with a return envelope large enough and containing enough postage to accommodate the return filing.	OK
COVER LETTER & EXPLANATORY MEMORANDUM			
Two copies of a submission letter are required, and the submission letter must contain the information specified. "Me too" filings are not allowed. Use of NAIC Uniform Transmittal form is acceptable as long as all required information is included.	215 ILCS 5/155.18 50 IL Adm. Code 929 Company Bulletin 88-53 Actuarial Certification Form NAIC Uniform Transmittal Form	All filings must be accompanied by a submission letter which includes all of the following information: 1) Exact name of the company making the filing. 2) Federal Employer Identification Number (FEIN) of the company making the filing. 3) Unique filing identification number – may be alpha, numeric, or both. Each filing number must be unique within a company and may not be repeated on subsequent filings. If filing subsequent revisions to a pending filing, use the same filing number as the pending filing or the revision(s) will be considered a new filing. 4) Identification of the classes of medical liability insurance to which the filing applies (for identifying classes, refer to Lines of Insurance shown on Page 1 of this checklist, in compliance with the NAIC Product Coding Matrix). 5) Notification of whether the filing is new or supersedes a present filing. If filing supersedes a present filing, insurer must identify all changes in superseding filings, and all superseded filings, including the following information: • Copy of the complete rate/rule manual section(s) being changed by the filing with all changes clearly highlighted or otherwise identified. • Written statement that all changes made to the superseded filing have been disclosed. • List of all pages that are being completely superseded or replaced with new pages. • List of pages that are being withdrawn and not being replaced. • List of new pages that are being added to the superseded filing. • Copies of all manual pages that are affected by the new filing, including but not limited to subsequent pages that are amended solely by receiving new page numbers. 6) Effective date of use. 7) Actuarial certification (see Actuarial Certification section below). Insurers may use their own form or may use the sample form developed by the Division. 8) Statement that the insurer, in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.	OK

		Companies under the same ownership or general management are required to make separate, individual company filings. Company Group ("Me too") filings are unacceptable. If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/explanatory memorandum, the Division will accept such form, as long as all information required in this section is properly included.	OK
FORM RF-3 Summary Sheet			
For any rate change, duplicate copies of Form RF-3 must be filed, no later than the effective date.	50 IL Adm. Code 929 Form RF-3 Summary Sheet	For any rate level change, insurers must file two copies of Form RF-3 (Summary Sheet) which provides information on changes in rate level based on the company's premium volume, rating system, and distribution of business with respect to the classes of medical liability insurance to which the rate revision applies. Such forms must be received by the Division's Property & Casualty Compliance Section no later than the stated effective date of use. Insurers must report the rate change level and premium volume amounts on the "Other" Line and insert the words "Medical Liability" on the "Other" descriptive line. Do not list the information on the "Other Liability" line. If the Medical Liability premium is combined with any other Lines of Business (e.g. CGL, commercial property, etc.), the insurer must report the effect of rate changes to each line separately on the RF-3, indicating the premium written and percent of rate change for each line of business. The RF-3 form must indicate whether the information is "exact" or "estimated."	OK
PAYMENT PLANS			
Quarterly premium payment installment plan required as prescribed by the Director.	215 ILCS 5/155.18	A company writing medical liability insurance in Illinois shall offer to each of its medical liability insureds the option to make premium payments in quarterly installments as prescribed by and filed with the Director. Such option must be offered in the initial offer of the policy or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer need not offer the option, but if the insured requests it, must make it available. Such plans are subject to the following minimum requirements: • May not require more than 40% of the estimated total premium to be paid as the initial payment; • Must spread the remaining premium equally among the 2nd, 3rd, and 4th installments, with the maximum set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively; • May not apply interest charges; • May include an installment charge or fee of no	Section VII page 4

		more than the lesser of 1% of the total premium or $25; • Must spread any additional premium resulting from changes to the policy equally over the remaining installments, if any. If there are no remaining installments, the additional premium may be billed immediately as a separate transaction; and • May, but is not required to offer payment plan for extensions of a reporting period, or to insureds whose annual premiums are less than $500. However, if offered to either, the plan must be made available to all within that group.	Section VII page 4
DEDUCTIBLES			
Deductible plans should be filed if offered.	215 ILCS 5/155.18	A company writing medical liability insurance in Illinois is encouraged, but not required, to offer the opportunity for participation in a plan offering deductibles to its medical liability insureds. Any such plan shall be contained in a filed rate/rule manual section entitled "Deductibles Offered" or substantially similar title. If an insurer uses a substantially similar title, the Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the section that applies.	N/A
DISCOUNTS			
Premium discount for risk management activities should be filed if offered.	215 ILCS 5/155.18	A company writing medical liability insurance in Illinois is encouraged, but not required, to offer their medical liability insureds a plan providing premium discounts for participation in risk management activities. Any such plan shall be contained in a filed rate/rule manual section entitled "Risk Management Activities Discounts" or substantially similar title. If an insurer uses a substantially similar title, the Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the section that applies.	Section XI page 10
CLAIMS MADE REQUIREMENTS			
Extended reporting period (tail coverage) requirements.	215 ILCS 5/143(2) Company Bulletin 88-50	When issuing claims-made medical liability insurance policies, insurers must include the following specific information in their rate/rule manuals: • Offer of an extended reporting period (tail coverage) of at least 12 months. The rate/rule manual must specify whether the extended reporting period is unlimited or indicate its term (i.e. number of years).*** • Cost of the extended reporting period, which must be priced as a factor of one of the following:*** o the last 12 months' premium. o the premium in effect at policy issuance. o the expiring annual premium. • List of any credits, discounts, etc. that will be added or removed when determining the final extended reporting period premium. • Insurer will inform the insured of the extended reporting period premium at the time the last policy is purchased. The insurer may not wait until the insured	Section IX pages 4-5

		requests to purchase the extended reporting period coverage to tell the insured what the premium will be or how the premium would be calculated. • Insurer will offer the extended reporting period when the policy is terminated for any reason, including non-payment of premium, and whether the policy is terminated at the company's or insured's request. • Insurer will allow the insured 30 days after the policy is terminated to purchase the extended reporting period coverage.*** • Insurer will trigger the claims made coverage when notice of claim is received and recorded by the insured or company, whichever comes first. ***If the medical liability coverage is combined with other professional or general liability coverages, the medical liability insurer must meet all of the above requirements, except those indicated with ***, in which case, the insurer must: • Offer free 5-year extended reporting period (tail coverage) or • Offer an unlimited extended reporting period with the limits reinstated (100% of aggregate expiring limits for the duration) • Cap the premium at 200% of the annual premium of the expiring policy; and • Give the insured a free-60 day period after the end of the policy to request the coverage.	Section IX pages 4-5
GROUP MEDICAL LIABILITY			
Group medical liability insurance is not specifically allowed under the Illinois Insurance Code.	50 IL Adm. Code 906	Part 906 of the Illinois Administrative Code prohibits writing of group casualty (liability) insurance unless specifically authorized by statute. The Illinois Insurance Code does not specifically authorize the writing of group medical liability insurance.	N/A
CANCELLATION & NONRENEWAL PROVISION REQUIREMENTS			
If rate/rule manuals contain language pertaining to cancellation or nonrenewal, must comply with all cancellation/ nonrenewal laws.	See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations,	If a rate or rule manual contains language pertaining to cancellation or nonrenewal of any medical liability insurance coverage, such provisions must comply with all cancellation and nonrenewal provisions of the Illinois Insurance Code, including but not limited to the following: 143.10, 143.16, 143.16a, 143.17a. See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations,	Section VI page 3
ACTUARIAL REVIEW REQUIREMENTS			

Rates shall not be excessive, inadequate, or unfairly discriminatory.	215 ILCS 5/155.18	In the making or use of rates pertaining to all classes of medical liability insurance, rates shall not be excessive, or inadequate, nor shall they be unfairly discriminatory. Rate and rule manual provisions should be defined and explained in a manner that allows the Division to ascertain whether the provision could be applied in an unfairly discriminatory manner. For example, if a rate/rule manual contains ranges of premiums or discounts, the provision must specify the criteria to determine the specific premium/discount an insured or applicant would receive. The Director may, by order, adjust a rate or take any other appropriate action at the conclusion of a public hearing.	Please see the Milliman Actuarial Analysis
PRICING			
Insurers shall consider certain information when developing medical liability rates.	215 ILCS 5/155.18	Consideration shall be given, to the extent applicable, to past and prospective loss experience within and outside this State, to a reasonable margin for underwriting profit and contingencies, to past and prospective expenses both countrywide and those especially applicable to Illinois, and to all other factors, including judgment factors, deemed relevant within and outside Illinois. Consideration may also be given in the making and use of rates to dividends, savings or unabsorbed premium deposits allowed or returned by companies to their policyholders, members or subscribers. The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.	Please see the Milliman Actuarial Analysis
Minimum Premium Rules			
Insurers may group or classify risks for establishing rates and minimum premiums.	215 ILCS 5/155.18	Risks may be grouped by classifications for the establishment of rates and minimum premiums.	N/A
"A" RATED RISKS			
Individual Risk Rating			

Risks may be rated on an individual basis as long as all provisions required in Section 155.18 are met.	215 ILCS 5/155.18	Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such classifications or modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations, and shall apply to all risks under the same or substantially the same circumstances or conditions. The rate for an established classification should be related generally to the anticipated loss and expense factors or the class.	N/A
RISK CLASSIFICATION			
Risks may be grouped by classifications.	215 ILCS 5/155.18	Risks may be grouped by classifications for the establishment of rates and minimum premiums.	N/A
Rating decisions based solely on domestic violence.	215 ILCS 5/155.22b	No insurer may that issues a property and casualty policy may use the fact that an applicant or insured incurred bodily injury as a result of a battery committed against him/her by a spouse or person in the same household as a sole reason for a rating decision.	N/A
Unfair methods of competition or unfair or deceptive acts or practices defined.	215 ILCS 5/424(3)	It is an unfair method of competition or unfair and deceptive act or practice if a company makes or permits any unfair discrimination between individuals or risks of the same class or of essentially the same hazard and expense element because of the race, color, religion, or national origin of such insurance risks or applicants.	N/A
Procedure as to unfair methods of competition or unfair or deceptive acts or practices not defined.	215 ILCS 5/429	Outlines the procedures the Director follows when he has reason to believe that a company is engaging in unfair methods of competition or unfair or deceptive acts or practices.	N/A
Territorial Definitions			
Rate/rule manuals must contain correct and adequate definitions of Illinois territories.	215 ILCS 5/155.18	When an insurer's rate/rule program includes differing territories within the State of Illinois, rate/rule manuals must contain correct and adequate definitions of those territories, and that all references to the territories or definitions are accurate, so the Division does not need to request additional information.	Section XIV page 10
ACTUARIAL SUPPORT INFORMATION REQUIRED			
ACTUARIAL CERTIFICATION			
Actuarial certification must accompany all rate filings and all rule filings that affect rates.	215 ILCS 5/155.18 50 IL Adm. Code 929 Actuarial Certification Form	Every rate and/or rating rule filing must include a certification by an officer of the company and a qualified actuary that the company's rates and/or rules are based on sound actuarial principles and are not inconsistent with the company's experience. Insurers may use their own form or may use the sample form created by the Division.	OK See Certification
ACTUARIAL OR STATISTICAL INFORMATION			

Director may request actuarial and statistical information.	215 ILCS 5/155.18 50 IL Adm. Code 929	The Director may require the filing of statistical data and any other pertinent information necessary to determine the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, rates, forms or any combination thereof. If the Director requests information or statistical data to determine the manner the insurer used to set the filed rates and/or to determine the reasonableness of those rates, as well as the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, or any combination thereof, the insurer shall provide such data or information within 14 calendar days of the Director's request.	Please see the Milliman Actuarial Analysis
Explanatory Memorandum			
Insurers shall include actuarial explanatory memorandum with any rate filing, as well as any rule filing that affects the ultimate premium.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include actuarial explanatory memorandum with any rate filing, as well as any rule filing that affects the ultimate premium. The explanatory memorandum shall contain, at minimum, the following information: • Explanation of ratemaking methodologies. • Explanations of specific changes included in the filing. • Narrative that will assist in understanding the filing.	OK See Cover Letter
Summary of Effects Exhibit			
Insurers shall include an exhibit illustrating the effect of each change and calculation indicating how the final effect was derived.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include an exhibit illustrating the effect of each individual change being made in the filing (e.g. territorial base rates, classification factor changes, number of exposures affected by each change being made, etc.), and include a supporting calculation indicating how the final effect was derived.	Please see exhibit
Actuarial Indication			
Insurers shall include actuarial support justifying the overall changes being made.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include actuarial support justifying the overall changes being made, including but not limited to: • Pure premiums (if used). • Earned premiums. • Incurred losses. • Loss development factors. • Trend factors. • On-Level factors. • Permissible loss ratios, etc.	Please see the Milliman Actuarial Analysis
Loss Development Factors and Analysis			
Insurers shall include support for loss development factors and analysis.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include actuarial support for loss development factors and analysis, including but not limited to loss triangles and selected factors, as well as support for the selected factors.	N/A
Ultimate Loss Selections			
Insurers shall include support for ultimate loss selections.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include support for ultimate loss selections, including an explanation of selected losses if results from various methods differ significantly.	N/A
Trend Factors and Analysis			

Insurers shall include support for trend factors and analysis.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include support for trend factors and analysis, including loss and premium trend exhibits demonstrating the basis for the selections used.	N/A
On-Level Factors and Analysis			
Insurers shall include support for on-level factors and analysis.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include support for on-level factors and analysis, including exhibits providing on-level factors and past rate changes included in calculations.	N/A
Loss Adjustment Expenses			
Insurers shall include support for loss adjustment expenses.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include support for loss adjustment expenses, including exhibits providing documentation to support factors used for ALAE and ULAE. If ALAE is included in loss development analysis, no additional ALAE exhibit is required.	Please see the Milliman Actuarial Analysis
Expense Exhibit			
Insurers shall include an expense exhibit. Insurers may use expense provisions that differ from those of other companies or groups of companies.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include an exhibit indicating all expenses used in the calculation of the permissible loss ratio, including explanations and support for selections. The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.	N/A
Investment Income Calculation			
Insurers shall include an exhibit for investment income calculation.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include an exhibit demonstrating the calculation for the investment income factor used in the indication.	N/A
Profit and Contingencies Calculation			
Insurers shall include an exhibit for profit and contingencies load.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall include an exhibit illustrating the derivation of any profit and contingencies load.	N/A
Credibility Standard Used			
Insurers shall include the number of claims being used to calculate the credibility factor.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers should include the number of claims being used to calculate the credibility factor. If another method of calculating credibility is utilized, insurers should include a description of the method used.	N/A
Other Actuarial Information Required			
Insurers must include the information described in this section.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers shall also include the following information: • All actuarial support/justification for all rates being changed, including but not limited to changes in: ○ Base rates; ○ Territory definitions; ○ Territory factor changes; ○ Classification factor changes; ○ Classification definition changes; ○ Changes to schedule credits/debits, etc. • Exhibits containing current and proposed rates/	Please see the Milliman Actuarial Analysis

		factors for all rates and classification factors, etc. being changed. • Any exhibits necessary to support the filing that are not mentioned elsewhere in this checklist.	Please see the Milliman Actuarial Analysis
Schedule Rating			
Insurers must include the described information described at right.	215 ILCS 5/155.18 50 IL Adm. Code 929	Insurers should include appropriate actuarial justification when filing schedule rating plans and/or changes to schedule rating plans.	Section XI pages 6-7

Version 1.00

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

STATE OF ILLINOIS

DENTAL PROFESSIONAL LIABILITY MANUAL

(Claims Made and Occurrence)

I. APPLICATION OF THIS MANUAL-ELIGIBILITY

This program covers Dentists engaged in general dentistry, dental anesthesia and oral surgery or operative dentistry on patients rendered unconscious through the administering of an anesthesia or analgesia. Refer to the classification plan for a description of each risk/rating category.

A. Dental Service Providers

Licensed dentists who must meet the current underwriting standards of Professional Solutions Insurance Company for their particular dental practice.

B. Ancillary Dental Personnel

Ancillary dental employees are included as insureds for their acts while performing duties within the scope of their employment while under the supervision of the insured dentist named in the Coverage Summary. Ancillary dental employees are not separately rated and do not include licensed health care providers, except for dental hygienists.

C. Corporation Coverage

Separate Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for separate limits of liability. The premium for separate limits will be 10% of the total undiscounted base premium for all dentists.

Shared Limits: Partnerships, corporations, or professional associations formed for the express purpose of practicing dentistry may be provided coverage for shared limits of liability. The premium charge for shared limits will be 5% of the total undiscounted base premium for all dentists.

Sole Practitioner: This program also provides coverage for shared limits of liability at no additional charge to a dentist's professional entity, as long as the entity does not employ any other licensed health care providers.

Multiple Corporations: If a dentist has multiple partnerships, corporations or professional associations, they may choose to have a separate limit of liability to share between all of the entities. The premium for a separate limit of liability to share between the entities will be 10% of the total undiscounted base premium for all dentists for the first entity and 5% of the total undiscounted base premium for each additional entity.

II. PREMIUM DETERMINATION

1. Determine base rate for appropriate policy type and territory.
2. Refer to Classification Listing and apply the factor for the most appropriate class specialty being rated.
3. Apply the appropriate increase limit factor.
4. If the policy is claims made, apply the appropriate claims made step factor to reach the undiscounted premium.
5. Apply credit, if necessary, for part-time status.
6. Apply any credits/debits for scheduled or experience rating.
7. Apply rounding.
8. Example Premium Calculation:

   Assume the full time base rate is $1000. Credits or debits will be applied in consecutive order.
   $1,000.00 x .95 = $950.00 (Schedule rating credit of 5%)
   $950.00 x .95 = $902.50 (Experience rating credit of 5%)
   $902.50 = $903.00 (Apply rounding)

9. There will be a $200.00 minimum premium for all dental policies other than dental candidate coverage.

III. POLICY PERIOD

The policy period shall be for a one-year term, unless it is part of a group policy and the insured joins the group in the middle of the term. In this instance, a short-term policy will be issued and will expire on the group policy's expiration date.

IV. WHOLE DOLLAR PREMIUM RULE

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. If the premium is .50 or greater, round to next higher whole dollar. If premium is .49 or less, round down. In the event of cancellation, the return premium shall be rounded to the nearest whole dollar. Rounding is the last step of the premium calculation.

Example: $1234.30 is rounded to $1234.
$1234.60 is rounded to $1235.

V. PRACTICE LOCATION

Dentists who conduct a percentage of their practice located in another state or territory will be assessed additional premium, based upon the percentage of time spent in the other state or territory.

A. For insureds who practice in multiple states, the location of their primary practice will determine the base rate, with a premium debit of 25%, to be applied, based on their practice in the secondary state. The 25% debit will not be applied if the primary state's base rate is higher.

B. If more than one location of practice exists within the same state, the rate from the highest territory will be applied.

C. The insured must be licensed in all states where practicing.

VI. POLICY CANCELLATION

A. Cancellation By the Insured

The insured may cancel the policy by mailing or delivering notice to the Company stating when such cancellation shall be effective.

This policy will remain in full force and effect until its regular anniversary date unless the policy is cancelled sooner by the Company in accordance with the laws of the State of Illinois.

If the insured cancels the policy, earned premium shall be computed in accordance with the standard short rate tables and procedure. If the Company cancels the policy, earned premium shall be computed pro rata.

B. Cancellation/Non-Renewal By the Company

The Company may cancel or non-renew the policy in accordance with the insurance laws of the State of Illinois. Standard notice will be sent sixty (60) days prior to the cancellation or non-renewal date, except that in the event of non-payment of premium, then not less than ten (10) days prior notice of cancellation will be given or in the event of a short-term policy issued for a period of less than six months, we may not non-renew.

VII. PREMIUM PAYMENT OPTIONS

1. Annual
2. Semi-Annual 50% prepayment required
3. Quarterly 25% prepayment required as the initial down payment with remaining payments of 25% each due at 3, 6 & 9 months after policy inception
4. Other payment options available upon request for large group accounts.

The premium payment options will be offered in the initial offer of the policy or in the first policy renewal occurring after January 1, 2006, and made available upon request thereafter. There is no installment fee charge or interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction. If the policy is issued with a final fully discounted premium less than $500, the policy must be billed on an annual basis.

VIII. RENEWALS

The policy will be renewed upon receipt of the required premium on or before the date of each successive policy period. The renewal premium shall be based on rates in effect on the renewal or anniversary date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy term shall be computed pro rata of the annual premium.

IX. SPECIAL PROVISIONS

A. Retroactive Coverage – Claims Made Only

This extension covers incidents which occurred subsequent to the prior carrier's retroactive date, but which are neither known nor reported as of the inception date of the replacement coverage written by Professional Solutions Insurance Company. The insured may purchase this equivalent of Extended Reporting Period Coverage from the Company. The insured may select the Retroactive Date (shown on the Coverage Summary) from a date that is equal to the retroactive date shown on the previous policy.

Premium for this extension is derived by rating the policy based upon the claims-made step factor determined by using the previous carrier's retroactive date.

No permission shall be granted for advancing the Retroactive Date after the policy has taken effect.

B. Basic Reporting Extension – Claims Made Only

This option applies when coverage under the policy ends, either by action of the insured or the Company through cancellation, termination or non-renewal.

Under the circumstances stated above, the Company will provide a thirty (30) day Basic Reporting Extension which allows claims to be reported during this time, which result from incidents that happened during the time the coverage was in force.

Within thirty (30) days of when the policy coverage terminates, the Company must advise the insured of the availability of an extended reporting endorsement, the premium cost, and the importance of buying this additional coverage extension, commonly called "Tail Coverage".

The insured will have the greater of sixty (60) days from the date the coverage is terminated, or thirty (30) days from the date of notice, to accept the Extended Reporting Endorsement in writing.

C. Extended Reporting Endorsement, also called Tail Coverage – Claims Made Only

This endorsement will provide coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims which arose from incidents, which occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to individual or entity policies.

The following factors will be applied to the undiscounted mature claims made premium in effect at the time the policy is terminated to calculate the extended reporting endorsement premium:

# of Years Completed in Claims Made Program	Tail Factor
1	0.654
2	0.975
3	1.062
4+	1.082

If the Insured fails to pay the Extended Reporting Endorsement premium when due, the Insured will be liable to the Company for any losses and loss expenses incurred.

Professional Solutions Insurance Company cannot cancel the extended reporting endorsement except for non-payment of the additional premium.

D. Prior Acts – Occurrence Only

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	0.628
2	0.936
3	1.020
4+	1.039

E. Locum Tenens

Locum Tenens substituting and serving in the place of the insured shall be provided coverage at no additional premium, for a period not to exceed forty-five (45) days per policy term. A completed application must be submitted to the company for prior underwriting approval.

F. Part-Time Discount

An insured must practice less than 20 hours per week to become eligible for this credit. The insured must complete an application for part time credit. If the application is approved, the credit applied is 50% of the approved base premium.

G. New Dentist Discount

A new dentist is defined as a student who has completed his/her training within the previous six months and whose only contact with patients has been in the course of his/her training. The following credits will apply:

50% for the first year in practice
30% for the second year in practice
10% for the third year in practice

Those who receive a new dentist discount will not be eligible to receive any further credits.

X. CLASSIFICATION PLAN

Class D-1

Relativity 1.00

This class includes general dentists or specialists in endodontics, forensic dentistry, oral & maxillofacial radiology, oral pathology, orthodontics, pediatric dentistry, periodontics, prosthodontics, public health dentistry, or sports dentistry.

Coverage under this classification would not apply to the general practitioner or specialist who is engaged in dentistry on patients rendered unconscious through the administration of general anesthesia unless the general anesthesia is administered in a duly licensed hospital, outpatient surgical center or the insured's office by an anesthesiologist, or certified registered nurse anesthetist supervised by such anesthesiologists, other than an insured dentist, his or her employees, or any other person or organization for whose acts or omissions the insured dentist is legally responsible.

Dental Candidates are included in Class D-1.

Class D-4

Relativity 4.50

Members of this class are specialists in oral and maxillofacial surgery who administer, personally or by an employed/contracted anesthesiologist, any general anesthetic intended to cause unconsciousness if administered in a dental office.

Members of this class may perform TMJ-Phase II procedures. Members of this class may also use lasers in their practice.

Class D-5

Relativity 6.00

Members of this class are specialists in dental anesthesiology whose practice includes deep sedation and/or general anesthesia.

XI. SCHEDULED RATING PLAN

Professional Solutions Insurance Company will use the following schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of Professional Solutions Insurance Company uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the company.

The premium for a risk may be modified in accordance with the following, subject to a maximum modification of a 50% credit to a 50% debit to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this scheduled rating plan are subject to periodic review. The actual determination of the appropriate credit or debit will be determined through the underwriting review of the applicant's application.

Scheduled Rating Credits: The following circumstances will be considered for application of a scheduled rating credit:

1. **Cumulative Years of Patient Experience** **0-15% Credit**

   Insureds who have demonstrated a stable, longstanding practice and/or significant degree of experience in their area of medicine.

2. **Risk Management Practices and Procedure** **0-20% Credit**

   In order to qualify for this credit, the insured must demonstrate that risk management procedures and activities have been properly implemented, and that these procedures will reduce the frequency and severity of claims.

3. **Dental Specialty Board Certification** **0-10% Credit**

   Any dentist in good standing that holds a current specialty certification by the licensing board. Documentation of specialty certification must be submitted every three years.

Scheduled Rating Debits: The following circumstances, based on underwriting review of risk, will be considered for a scheduled rating debit application:

1.	High Risk Practice	0-50% Debit
2.	Adverse or unusual vicarious liability exposure	0-50% Debit
3.	Prior history of revocation or suspension of license	0-50% Debit
4.	Prior history of disciplinary action against licensure	0-50% Debit
5.	Prior or current membership in association revoked or refused	0-50% Debit
6.	Prior history of alcoholism, narcotic addiction or mental illness	0-50% Debit
7.	Conviction of crime	0-50% Debit

XII. EXPERIENCE RATING

Claims free credits

The following claims free credit schedule will apply if an insured has $10,000 or less of incurred indemnity:

# OF YEARS CLAIMS FREE	CREDIT
3 but less than 5	5%
5 but less than 8	10%
8 or more	15%

Claims debits

Claim debit factors – individual policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1	1.000
2	1.500
3	2.500

Claim debit factors – partnership/corporate policy:

# OF CLAIMS IN 5 YEARS	FACTOR
1-2	1.000
3-4	1.500

The debit will not be based on an action that was filed or settled more than five (5) years immediately preceding the issuance or renewal of the policy.

Documentation, including copies of judgments, awards or stipulations of settlement will be requested and reviewed where available.

To obtain and verify experience applicable to each prospective insured, the Company will seek claim information from:

a. The applicant
b. The agent or broker
c. All previous insurers with respect to the experience period in question.

XIII. ENDORSED COVERAGES

Partnership, Corporation or Professional Association With Separate Limits of Liability Endorsement-Form PSIC-DDS-02

This endorsement provides a separate limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Partnership, Corporation or Professional Association With Shared Limits of Liability Endorsement-Form PSIC-DDS-03

This endorsement provides a shared limit of liability to a partnership, corporation or professional association. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Persons Insured" under the policy.

Additional Insured Endorsement-Form PSIC-DDS-04

This endorsement provides coverage for an additional insured. This is an optional endorsement. The charge for this endorsement will be 15% of the base corporation/partnership premium or the individual premium if there is no corporation/ partnership coverage.

Temporary Leave of Absence Endorsement-PSIC-DDS-05 and PSIC-DDS-20

This endorsement may be utilized if an insured must take a leave of absence from their practice. Insureds who become disabled or take a leave of absence shall become eligible for suspension of coverage at a rate reduction of 90% of the otherwise applicable rate for the period of disability or leave of absence. The period must extend for a minimum length of sixty (60) days or more up to a maximum of one hundred eighty (180) days or until renewal. The lower premium will apply retroactively to the first day of the disability or leave.

This option provides continued protection to the provider who experiences a temporary interruption in his or her practice (subject to the stated eligibility requirements), for claims arising from acts, errors or omissions which occurred prior to the inception of the disability or leave. There is no coverage for acts, errors or

omissions during the leave or disability period. Form claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

If disabled, proof of disability must be submitted to the Company for approval, and the calculation of the credit will be on a pro rata basis for the period of the qualifying disability.

For claims made policies, while on disability or leave, credit toward extended reporting vesting will continue to accrue, and the insured must continue to pay premiums when due.

Eligible Situations For Temporary Leave of Absence: Short-Term Disability, Maternity Leave or any other reason pre-approved by Professional Solutions Insurance Company – Does not apply to vacations

Extended Reporting Endorsement-Form PSIC-DDS-06 – Claims Made Only

This endorsement provides coverage for an unlimited time period with aggregate liability limits equal to or less than those of the expired coverage to report claims, which arose from incidents that occurred when the coverage was in force. The liability limits provided by this option are the only limits that shall be applicable to the unlimited time period designated above. This endorsement can be applied to group or entity policies.

Multiple Partnership, Corporation or Professional Association Endorsement-Form PSIC-DDS-14

This endorsement is used when an insured has multiple partnerships, corporations, or professional associations and wishes to have a separate limit of liability to cover these entities. This endorsement will provide one separate limit of liability that will be shared between the entities.

Product Liability Endorsement-Form PSIC-DDS-15 and PSIC-DDS-21

This endorsement provides coverage for legal defense expenses incurred if the insured is made a party to a product liability action due to a known or suspected defect, deficiency, inadequacy or dangerous condition of a product or products of another manufacturer which you sold, handled, distributed or disposed of. The limit of liability for all defense expenses under this endorsement is $50,000 per incident and $100,000 aggregate limit of liability. The premium charge for this coverage will be 10% of the base premium for the insured's professional liability coverage.

Dental Candidate Endorsement-Form PSIC-DDS-16 and PSIC-DDS-22

This endorsement provides coverage for any claim for injury arising out of a dental candidate's acts, errors, or omissions in the rendering of or failure to render professional services, while completing State or Regional Board Examinations for a license to practice dentistry. The limits of liability for this endorsement will be $100,000 per claim and $300,000 aggregate. The charge for this endorsement is $15.00.

Active Military Duty Endorsement-Form PSIC-DDS-17 and PSIC-DDS-23

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military duty. For claims made policies, because the policy does not cancel, there is no need for the purchase of Extended Reporting Coverage (Tail).

Limited Permit / Temporary Training Endorsement-PSIC-DDS-18 and PSIC-DDS-24

This endorsement provides coverage to a dental school graduate practicing dentistry under a limited permit, a temporary license, or an extended temporary license issued by a state licensing board for any claim for injury arising out of the insured graduate dentist's acts, errors or omissions in the rendering or failure to render professional services in a specialty, residency, intern or graduate program and only while under the supervision of a state licensed dentist and according that state's limitations. The limits of liability for this endorsement will be $1,100,000 per claim and $3,000,000 aggregate. The charge for this endorsement is $218.00.

Prior Acts Endorsement-PSIC-DDS-25

This endorsement provides coverage for dentists who change from a claims made policy to an occurrence policy and do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered.

XIV. RATES

Claims Made Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,529.00
Illinois Territory 02 - (Remainder of State)	$838.00

Occurrence Base Rate (for D-1 provider @ 100/300 limits)

Illinois Territory 01 - (Cook County)	$1,662.00
Illinois Territory 02 - (Remainder of State)	$911.00

Dental Increase limit factors: The applicable limit factor is determined by the chosen limit option on the application.

Limits of Liability	Increase Limit Factors
$100,000/$300,000	1.00
$200,000/$600,000	1.14
$250,000/$750,000	1.31
$500,000/$1,000,000	1.33
$1,100,000/$3,000,000	1.56
$2,000,000/$4,000,000	1.72

Claims-Made Step Factors:

Year	Claims-Made Step Factor
1	0.32
2	0.60
3	0.81
4	0.90
Mature	1.00

6th Month Rule: If the period between the retroactive date and the policy effective date is less than 6 months, rate at year 1. If the period is more than 6 months, rate at year 2, with each of the next consecutive claims made step increases applied at each renewal.